



# ***Daily Report***

## **China**

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# Daily Report China

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13 November 1987

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### General

#### **Gulf Situation, Containment Policy Reviewed** *HK111518 Beijing JIEFANGJUN BAO in Chinese* 2 Nov 87 p 3

[Article by Lin Di (2651 0966): "The Gulf Situation and the U.S. Policy of Containment"]

[Text] On the morning of 16 October, an Iranian offshore oil-drilling platform was consumed by fire. It was destroyed by more than 1,000 rounds of fire launched by four U.S. naval destroyers. This incident made the Gulf situation more complicated. This situation is traceable to complicated factors involving the Gulf area itself. Meanwhile, people can also see the shadow of two superpowers trying to outdo each other in the Gulf. In the past few months, the United States, regardless of a domestic stock market crash and increasing isolationist sentiment and at the risk of a large-scale military conflict with Iran and terrorism facing Americans throughout the world, took the lead in sending heavy forces to the Gulf. This shows that the U.S. deployment of troops in the Gulf is not just a limited tactical act. It also carries profound strategic significance.

U.S. foreign diplomatic strategy since World War II can be basically summed up as responses by U.S. decision-makers to their estimates of Soviet world strategy intentions. In 1947 George Kennan, one of the authors of the U.S. theory of containment and a well-known strategy analyst, pointed out that the Soviet Union was "stopping at nothing to extend its sphere of influence to every corner of the world." Therefore, any U.S. policy toward the Soviet Union must essentially be a long-term, patient, firm, and constantly vigilant policy of containment against the Russian policy of expansion. This is also to say that the main enemy of U.S. world strategy is the Soviet Union. Its guideline is the policy of containment. The various policies followed by many administrations since Truman, such as large-scale revenge, flexible response, contraction and detente, ensured mutual destruction, limited counterattack, Reaganism, SDI, and so forth, can be all described as the extensions of the policy of containment in different forms. The only difference is the flexible application of a counterforce based on Soviet policy shifts and deployment changes to stop the expansion of the Soviet sphere of influence. In other words, it is U.S. containment against the Soviet Union by using different means in different areas in light of different U.S. and Soviet balances of strength in different periods of time and changes in the international situation. In the past few months, the U.S. Gulf action has been a concrete manifestation of an assertive and compelling policy of containment.

People in official quarters and the general public in the United States believe that the Soviet Union has long cherished southern expansion designs. According to U.S. Congressional records, in early World War II the Soviet Union and Germany, when secretly defining spheres of

influence, demanded some areas of southwestern Asia south of Baku as their sea lane. Since then, the Soviet Union has never given up its designs on the Gulf. At present, the development of the situation in the Gulf holds still greater temptation for the Soviet Union. For this reason, many Americans feel that there is a need to strengthen U.S. influence on this region to stop the growth of Soviet influence. In his recent work "Program for Plenty of Vitality" [Boyi Fangan 0590 1150 2455 2714], Brzezinski said in an analysis that the Soviet Union as a continental power has, out of geopolitical strategic considerations, hitherto been in struggle with marine powers. Given the general post-war observance by various countries of the spheres of influence as defined by the "Yalta system" and the relative stable situation in Europe and the Far East, an unstable situation in the region of southwestern Asia is most favorable to the Soviet Union. Therefore, the United States must take proper precautions and must gradually reduce its commitments to the defense of Europe and the Far East, sparing its material and human resources to reinforce a position of strength in the more strategically sensitive area of the Gulf.

Viewed in light of Brzezinski's strategic thinking, the strategic intentions of the United States in deploying forces in the Gulf can be easily seen. According to what was revealed in foreign magazine and newspaper reports, the Soviet Union's establishment of diplomatic relations with Kuwait, Oman, the United Arab Emirates, and other Gulf countries aroused the vigilance of the United States. In April of this year, the Soviet Union's sudden agreeing to escort three Kuwaiti oil tankers was quite a jolt to the U.S. Administration. It began to seriously consider concrete countermeasures. The United States feels that there is a need to look for opportunities to strengthen its military might in the Gulf area. The best way is to send convoys of warships, because the threat of the Iran-Iraq war to the passage for oil tankers provides "proper reasons" for escort. In the name of convoying, the United States is not only able to unite with Western European countries in taking joint action but is also able to try to make a good impression on the Gulf Arab states, leaving more room for the U.S. to maneuver in the region. In addition, this also helps relieve the unfavorable impact of the "Irangate" incident on the image of the U.S. Administration. More importantly, the United States can take advantage of the opportunity offered by the Soviet preoccupation with domestic reforms and the unlikelihood of its making a strong response to any action and getting the upper hand, squeezing Soviet influence out of the Gulf area.

Commentators of various countries have different views on whether or not the United States can realize its strategic intentions. But one thing that is certain is that, given U.S. and Soviet intervention in the Gulf area, all kinds of unpredictable incidents and crises are likely to occur at any time. The initially rather tense situation in this region has become still more serious.



**UN Representative on Human Rights, Literacy**  
*OW122158 Beijing XINHUA in English 0734 GMT*  
12 Nov 87

[Text] United Nations. November 11 (XINHUA)—The last two days' human rights debate at the Second Committee of the UN General Assembly has included calls for more effort to combat torture and illiteracy and protect children's rights.

Gao Yanping, China's representative, said "modern human civilization should not tolerate torture and other degrading treatment or punishment, which inflict spiritual and physical injuries upon victims, trample upon human dignity and violate fundamental human rights and freedom."

China has been "consistently opposed to torture, corporal punishment, coerced confession, physical punishment or ill treatment, and always stands for humanitarian reform and re-education of criminals," Gao said.

She said that criminals in Chinese prisons are taught cultural and scientific knowledge, and given the chance to learn and practice skills in various trades that will help them earn an honest living.

The Chinese Government signed the convention against torture and other cruel, inhuman or degrading treatment or punishment on December 12, 1986.

Gao said China is considering the ratification of this convention and is ready to work with other states to abolish torture and other degrading treatment.

French representative J.P. Lecourt said torture is not only physical violence but is also aimed at psychological effects on human beings. He said national legislation should be enacted to outlaw torture and punish those who use it.

Akihiro Chiba, deputy director-general of the U.N. Educational, Scientific and Cultural Organization (UNESCO), said that illiteracy is one of the world's major problems and directly affects about 889 million adults.

He said the right to education, a right guaranteed in the universal declaration of human rights, "was not enjoyed by more than a quarter of the world's population."

More than 100 million children in the developing countries do not attend school, and 98 percent of the world's illiterates live in the developing countries.

While illiteracy is most serious in developing countries, it is also a "growing concern of more and more industrialized countries," Chiba said.

An international literacy year, suggested for the year 1990, would represent a "unique opportunity" to increase public awareness of the scope and danger of the problem, he said.

Representatives of some countries called for more work on formulating a draft convention on children's rights and preparing it for General Assembly adoption in 1989, the 30th anniversary of the Declaration on the Rights of the Child.

**UN Assistance Aids Grain Output in Guizhou**  
*OW120053 Beijing XINHUA in English 0811 GMT*  
9 Nov 87

[Text] Beijing, November 9 (XINHUA)—The United Nations world food programme has provided southwest China's Guizhou Province with 19.47 million U.S. dollars worth of grain to aid development of low-yield fields.

The land improvement project is the largest undertaken by the province with the help from an international organization.

The project area covers 10,000 hectares in Pudin, Anshun and three other counties.

With the aid, and through technical training, local peasants are expected to improve productivity of the land, plant two-thirds of the area in trees, and build 250 kilometres of roads.

The 5-year project is expected to raise grain output in Anshun Prefecture by 50 percent, improve the ecology, and boost farmers' income.

**Chen Muhua Meets IMF Asia Department Advisor**  
*OW120227 Beijing XINHUA in English 1204 GMT*  
11 Nov 87

[Text] Beijing, November 11 (XINHUA)—Chen Muhua, state councillor and governor of the People's Bank of China, met a consultation mission from the International Monetary Fund (IMF) here this afternoon.

The mission, led by D. Scott, senior advisor to the IMF Asia Department, is here for annual consultations with relevant Chinese departments in accordance with IMF regulations.

**Tian Jiyun Meets Foreign Business Leaders**  
*OW120252 Beijing XINHUA in English 1207 GMT*  
10 Nov 87

[Text] Beijing, November 10 (XINHUA)—Vice-Premier Tian Jiyun met with more than 120 foreign business leaders from 24 countries and regions here this afternoon.

He assured the foreign guests who are participating in the current seventh business leaders' symposium that China will further expand its economic exchanges with the rest of the world.

He spoke highly of the symposium, saying that it would help enhance business relations between China and other countries.

The four-day symposium, which opened Monday, is co-sponsored by the Chinese Enterprise Management Association and the World Economic Forum Foundation, a Swiss non-government organization headquartered in Geneva.

#### Asian Development Bank Provides Assistance

##### Confident of PRC Management

OW120121 Beijing XINHUA in English 1157 GMT  
9 Nov 87

[Text] Beijing, November 9 (XINHUA)—The Asian Development Bank (ADB) is confident of China's ability to manage loans and meet its debt obligations, Masao Fujioka, president of the bank said here today.

The bank is ready to provide more loans to assist China in its modernization drive, Fujioka said today in an interview with *Xinhua*.

Fujioka was in Beijing to attend the seventh business leaders symposium and to sign an agreement on the first ADB loan of one million U.S. dollars to China.

"Debt crisis continues to be the greatest economic challenge facing many developing countries in the world today, although Asia is less affected by it," he said.

He noted China has one of the lowest ratios of debt service in proportion to export earnings of any country in Asia.

The credit-worthiness of the borrowing country is affected not so much by the size of the debt as by the utilizing rate of the borrowed capital, he said.

He added that ADB stresses efficient use of resources and high rate of return on inded that ADB stresses efficient use of resources and high rate of return on investment.

Mr Fujioka highly praised China's efforts to decentralize decision-making power, invigorate foreign trade, and encourage foreign investment. He believed the economic reforms lay the foundation for sustained economic growth in China.

He was also interested in the development of bond issue by enterprises, banks and local governments.

#### Approves Technical Aid

OW120051 Beijing XINHUA in English 0746 GMT  
9 Nov 87

[Text] Manila, November 9 (XINHUA)—The Asian Development Bank (ADB) announced here today that it has approved technical assistance to China to help streamline the operations of the People's Bank of China (PBC).

The ADB's technical assistance is to help with manpower training for the PBC, particularly in the International Department which handles the ADB's technical and financial assistance programs, and to review the PBC's current manpower situation and make recommendations on overall staffing requirements.

Other key agencies involved in ADB operations such as the State Planning Commission will also receive training.

The technical assistance is expected to be undertaken over a four-month period.

#### United States & Canada

##### Gu Mu Exchanges Ideas With Trade Officials

OW120238 Beijing XINHUA in English 1204 GMT  
10 Nov 87

[Text] Beijing, November 10 (XINHUA)—Chinese State Councillor Gu Mu met here today Claus Halle, chairman of the National Council for U.S.-China trade, and his party.

Gu exchanged ideas with the U.S. visitors on Sino-U.S. trade and foreign investment in China.

#### Soviet Union

##### October Revolution Anniversary Noted

HK100345 Beijing RENMIN RIBAO in Chinese  
6 Nov 87 p 6

[Article by Ge Baoquan (2047 1405 2938): "Paying Tribute to the Soviet People on the Red-Letter Day—Greeting the 70th Anniversary of the Great October Revolution"]

[Text] It is 70 full years since the cruiser "Aurora" declared with the sound of a gun the beginning of a new era in the history of mankind on 7 November 1917. At a time when the Soviet people are celebrating the 70th anniversary of the Great October Socialist Revolution, let us express our warmest festive greetings to the Soviet people!

The October Revolution is a great event of historic significance in the world. It affected the revolutionary destiny of the people of various countries of the world. It also affected the revolutionary movement of the Chinese

people. The anti-imperialist and antifeudal "May 4th" Movement broke out in our country in 1919 under the direct influence of the October Revolution. This is precisely as Comrade Mao Zedong said: "The sound of the gun heralding the October Revolution has brought us the gift of Marxism-Leninism. The October Revolution has helped the whole world and also the advanced elements in China in using the proletarian world outlook as a tool in observing the state's destiny and reconsidering its own problems."

In those years, advanced elements in our country expressed warm support for the October Revolution. For example, Shen Bao, the predecessor of the Chinese democratic revolution, said: "Because of the Russian revolution, a great hope has been raised for the people of the world." In an article entitled "The Victory of the Common People," Li Dazhao, a Marxist in the early period of our country, wrote: "The 1917 Russian Revolution is a precursor of the world revolution in the 20th century." The great writer Lu Xun said that he saw "the dawn of a new century" in the October Revolution. Well-known poet and writer Guo Moruo also said: "We thank the October Revolution. It has awakened the contemporary young people. I am one of them. There has arisen a demand for further understanding of the new society."

Since then, Russian classical works and Soviet revolutionary literary works after the October Revolution had been successively translated into Chinese. The masses of readers also showed great interest in the socialist Soviet Union called the "new Russia." Chinese proletarian revolutionary Qu Qiubai was the first in our country to visit the Soviet Union. In the autumn of 1920, he went to Moscow as the special reporter of *Chen Bao* [Morning Newspaper] of Beijing. Many reports then written by him were later published in two books entitled "Notes on Travel to New Russia" and "Story of the Red Capital." In early 1931, Hu Yuzhi, an expert in Esperanto, made a 1-week visit to Moscow. After returning to the country, he wrote "Notes on Impressions of Moscow." *Dagong Bao* reporter Cao Gubing also visited the Soviet Union the same year and wrote "Notes on Observations of the Soviet Union." In 1933, our well-known journalist Ge Gongzhen went to visit the Soviet Union. Reports written by him on the Soviet Union were published in a book entitled "From the Northeast to the Soviet Union" in 1935. Editor-in-chief of *Shenghuo Zhoukan* [Life Magazine] Zou Taofen also visited the Soviet Union in 1934. He later wrote the second edition of "Notes on the Tracks of a Wanderer." These works have been repeatedly reprinted in recent years. They have up to now been read with interest by people. It may be recalled that in his article "Hail the Exchange of Chinese and Russian Literature" written in February 1932, Lu Xun said: "The masses of our readers knew long ago in a kind of stupor what was to grow from this great fertile 'black soil' (referring to the Soviet Union—the author of this article). This 'black soil' produced things. It treated us personally to the sight of tolerance, groaning, struggle,

resistance, fighting, reform, fighting, construction, fighting, success." These few lines gave expression to what was then in the minds of the Chinese people and the masses of readers.

As a news worker and a student and translator of Russian classics and contemporary Soviet literature, I had to deal with the Soviet people as early as 50-odd years ago. In 1935, 52 years ago, as a reporter of *Dagong Bao* of Tianjin and as special correspondent of *Xinsheng Zhoukan* and *Shijie Zhishi* of Shanghai, I arrived in Moscow. In 1949, 38 years ago, I went as a *New China News Agency* reporter to Moscow. After the founding of the PRC, I was successively appointed by Premier Zhou as charge d'affaires ad interim at our country's embassy in the Soviet Union and a standing attache stationed at Moscow for a total of 5 years. In the latter part of the 1950's, as a member of the Chinese Writers' Association and of a writers' delegation, I visited the Soviet Union many times. After a quarter of a century, I was invited in 1983 to attend the international conference of translators of Soviet literature held in Moscow. In the early part of this year, I again made a 2-month visit to the Soviet Union at the invitation of the Soviet Writers' Association. The Soviet Union has a total of 15 republics; I visited 13 of them successively and formed deep impressions of them.

After many years of visits, I have noted with delight the brilliant achievements scored by the Soviet people in the past several decades and the latest results achieved in reform in recent years. Tremendous changes have come over the Soviet people's spiritual and material life. Scientific, educational, and cultural undertakings have also shown tremendous development. Everyone has a keen passion for literature and art and has cultivated a good habit of showing a love for reading and for literature and art. Book shops in every major city are often packed with readers.

On my visit to the Soviet Union in the early part of this year, I had cordial interviews with writers, poets, and scholars in various areas. I noted with delight the new situation appearing in the literature and art world and the achievements scored by writers since the eighth congress of writers held in August last year. Meanwhile, I recounted to them new conditions about the translation of Soviet literary works in China. I also noted with delight the new contributions made by the Sinologists of various relevant research institutes of the Soviet Academy of Sciences in studying and translating Chinese classics and contemporary literature. They are preparing to edit and publish a 40-volume "Anthology of Chinese Literature," bringing fine literary works of China, past and present, to the Soviet readers;

On that visit, I also had cordial talks with the comrades of the Soviet association for friendly relations and cultural exchanges with foreign countries and the Soviet-Chinese Friendship Association and of the associations



of various republics of the Soviet Union. Many of them were friends, scholars and writers who had been to China in recent years and who had profound feelings for and interest in China.

At the time of the 70th anniversary of the Great October Revolution, let us again wish the people of both China and the Soviet Union ever-greater improvement in the relations of mutual understanding and friendship and continuous development of the cause of cultural exchange between the two peoples!

**Friendship Association Group Departs Moscow**  
*OW130409 Beijing XINHUA Domestic Service*  
*in Chinese 0310 GMT 13 Nov 87*

[Text] Moscow, 12 Nov (XINHUA)—The delegation of the Sino-Soviet Friendship Association led by Zhang Wenjin, chairman of the Chinese People's Association for Friendship with Foreign Countries, left Moscow by plane for home this evening.

The delegation had come to attend activities marking the 70th anniversary of the Great October Socialist Revolution.

Seeing the delegation off at the airport were Yevgeniy Ivanov, first deputy chairman of the Union of Soviet Societies for Friendship and Cultural Relations with Foreign Countries; Sergey Tikhvinskiy, chairman of the Soviet-Chinese Friendship Society; and Yu Hongliang, Chinese ambassador to the Soviet Union.

Before its departure, Soviet Deputy Foreign Minister Rogachev met with the delegation on 11 November. Both sides expressed the hope for strengthening cooperation and contacts between the friendship associations of the two countries.

#### **News Analysis of Resolution on Afghanistan**

**Call For Soviet Withdrawal**  
*HK130522 Beijing RENMIN RIBAO in Chinese*  
*13 Nov 87 p 6*

[Short commentary: "Staying On Does Not Give You Popular Support"]

[Text] After 2 days of serious discussion, this year's 42d UN General Assembly session finally adopted a resolution on the issue of Afghanistan by an unprecedented majority of 123 for to 19 against. The resolution strongly demanded the withdrawal of all foreign forces from Afghanistan. In other words, Soviet forces should be withdrawn immediately from Afghanistan so as to ensure that the Afghan people can choose their own government and socioeconomic system without any foreign interference. The resolution supported the UN work to seek a political settlement of the Afghan issue. This UN resolution once again demonstrates how unpopular the persistent Soviet occupation of Afghanistan is.

Long before the current UN session was convened, the Soviet Union did its utmost to launch another "peace offensive." They did this to avoid being strongly accused by the delegates of various countries from the UN platform. On the one hand, it played up its willingness to "leave" and to "pull out its forces" from Afghanistan. It also proposed, in collaboration with the Kabul regime, of its own accord to resume a new round of "indirect negotiations between Pakistan and Afghanistan" under the auspices of the UN. On the other hand, it directed and organized the officials of the Kabul regime to go around peddling the so-called propositions of extending the "cease-fire for another 6 months" and achieving "national reconciliation." However, the withdrawal package put forward by the Soviet Union was only 2 months shorter than the previous one. What it was trumpeting was still the argument that the current Kabul regime should be accepted as the "power center" of the future government. Moreover, it persisted in viewing suspension of so-called "foreign interference" and realization of "national reconciliation" as preconditions for a troop withdrawal from Afghanistan. It is apparent that this is unacceptable to the Afghan people and the international community. That the resolution on the issue of Afghanistan that the UN adopted this year received one more affirmative vote than that of the previous year has proved this point.

It must be noticed that there has been no cease-fire up to date on the Afghan battlefields since the announcement of a "cease-fire" by the Kabul regime. In reality, the Soviet Army and the Kabul puppet troops, instead of reducing, are stepping up their efforts to encircle and suppress the resistance forces, to massacre innocent ordinary people, and to encroach on and sabotage Pakistan. This fully proves that the Soviet Union lacks sincerity in settling the Afghan issue politically.

What counts in solving the issue of Afghanistan is that the Soviet Union should withdraw all its forces from Afghanistan as quickly as possible, and should at least work out a timetable for troop withdrawal within a short time. Without doing all this, the empty cries for such things as a "cease-fire" and "national reconciliation" will all be meaningless. On no account will the people of the world stop their just struggle on the issue of Afghanistan just because of these empty statements. For the Soviet Union, the weight of the heavy burden of Afghanistan will grow as it continues to carry it. As far as the Soviet Union is concerned, it is not difficult for it to lay down the burden. In other words, it should comply with the trends of the world, withdraw its forces from Afghanistan unconditionally and as soon as possible, and take concrete actions, instead of continuing to employ tricks to deceive world opinion.

**Support of UN Resolution**  
*OW112336 Beijing XINHUA in English 1646 GMT*  
*11 Nov 87*

[Text] Islamabad, November 11 (XINHUA)—In another heavy blow to the Soviet Union's Afghan policy,

the United Nations General Assembly yesterday once again adopted a resolution calling for the immediate withdrawal of Soviet troops from Afghanistan.

The resolution, the ninth on the Afghanistan issue in the last 8 years, was passed by an overwhelming majority of 123 votes, 1 more than the previous year's vote on the same resolution.

The draft resolution was cosponsored by Pakistan and 47 other Islamic and nonaligned countries.

According to observers here, the UN move suggests that the "peace offensives", launched by Moscow and the Kabul regime before the current General Assembly resolution, failed in their attempts to soften international criticism of the Soviet military intervention in Afghanistan.

At the beginning of this year, the Kabul regime, encouraged by Moscow, proposed a unilateral ceasefire, national reconciliation and power-sharing with the opposition.

However, the overtures ignored the question of the Soviet troop withdrawal—the essential element in any political solution to the 8-year-old Afghan conflict.

It is believed that Moscow and Kabul's "peace offensives" are designed to hoodwink world public opinion and split the Afghan resistance forces. There are currently an estimated 120,000 Soviet troops supporting the Kabul regime in their battle with Afghan resistance forces.

Under the cover of a "ceasefire", the Soviet-Kabul troops this year have intensified their military operations against the Afghan resistance. This summer they mounted their largest offensive on guerrilla bases in Paktia and Qandahar provinces bordering Pakistan, resulting in heavy casualties.

As well as attacking the Afghan guerrillas, the Soviet-Kabul troops have also sent planes to bomb rural localities. More and more innocent Afghan civilians have either been killed or forced to seek refuge in Pakistan and Iran.

Meanwhile, the Soviet-Kabul troops have continued to construct military facilities such as airports and security posts in Afghanistan.

More advanced weapons are constantly being brought into the country from the Soviet Union, suggesting that the Soviet Union has no intention of pulling its troops out of Afghanistan and appears to be hoping for a military rather than a political solution.

The Kabul regime, headed by Najibullah, has on many occasions publicized its "national reconciliation successes". In fact, the so-called national reconciliation initiatives have failed to achieve any positive results under the shadow of foreign bayonets.

During his recent visit to Moscow, Najibullah announced at a press conference that 30,000 Afghan mujahidin (holy-war fighters) surrendered to the Kabul regime and 90,000 Afghan refugees returned to their homeland.

Pakistan observers feel that these figures were greatly exaggerate for propaganda purposes and Western diplomats share their doubts.

When they dismissed the "ceasefire" and "national reconciliation" offers as mere propaganda ploys, the Afghan resistance leaders also rejected Kabul's proposal of sharing power in a future coalition government. They reiterated that the mujahidin will continue their armed struggle until the Soviet troops leave Afghanistan and the whole country is liberated.

The sentiment among the Afghan refugees residing in Pakistan is all that they will return back to their own country only after the Soviet withdrawal.

The Kabul regime, put in place by the Soviet Union, launched a diplomatic offensive during the past few months. It has sent special emissaries to over 60 African and Latin American countries in a bid to convince them of its "peaceful intentions" in searching for a solution to the Afghanistan issue.

The Soviet Union was also actively engaged in arranging meetings in different countries between the Kabul emissaries and the countries they were visiting.

It was particularly noticed that just before the current General Assembly session started on September 15, the Kabul regime hurriedly initiated the fourth phase of the seventh round of indirect talks with Pakistan on the Afghanistan issue.

However, the talks failed to make a breakthrough on the timetable the withdrawal of the Soviet troops from Afghanistan, since Moscow and Kabul made no substantial change in their position on the key remaining issue.

Analysts here were of the opinion that the main reason behind Kabul's request for the September talks was to weaken international support for the UN resolution.

Moscow recently repeated claims that it desires a political solution to the Afghanistan issue, but still the UN resolution on Afghanistan shows that any political solution lies in the withdrawal of the foreign troops from Afghanistan.

The only way now for the Soviet Union to extricate itself from the predicament in Afghanistan is to accept the UN resolution and immediately pull out its troops from that country.

Otherwise, it cannot escape the persistent world-wide condemnation for its occupation of Afghanistan.

**Journal on Study of Socialist Theory in USSR**

HK081530 Beijing LILUN YUEKAN in Chinese No 6,  
25 Jun 87 pp 53-57

[Article by Xu Xiaoying (1776 1420 5391): "Soviet Inquiries Into Certain Theoretical Problems Concerning the Degree of Development of Socialism"]

There has been retrogression in the way of putting the question concerning the degree of the development of socialism in the Soviet Union since the 22d CPSU National Congress. The party program put forth by the 22d CPSU National Congress in 1961 said in definite terms that the Soviet Union would realize communism within 20 years. In 1964, after Brezhnev came to power, the focus of propaganda was on the building of developed socialism. It was even announced in 1967 that a developed socialist society had already been established in the Soviet Union. The new task was to establish a material and technological foundation for communism and to advance toward communism. This was retrogression compared with what Khrushchev said. It negated Khrushchev's fantasy of making the Soviet Union enter the stage of communism at the beginning of the 1980's. In the 1980's, Andropov took a further step backward. He held that socialism is a very long historical stage. He also held there were still many difficulties for the Soviet Union in building developed socialism. He said that since it was still a long way to go to reach the goal of developed socialism, the Soviet Union was just on the starting point. On this basis, Gorbachev first put forth a task of perfecting developed socialism. Then, at a meeting of directors of social sciences teaching and research offices held in October 1986, he emphasized that the Soviet Union was a developing socialist country. This thoroughly negated Brezhnev's viewpoint of rash advance, which held that the Soviet Union was in a stage of overall communist construction. The retrogression in wording concerning the degree of development of socialism in the Soviet Union shows that the understanding of previous Soviet leaders on this question was getting closer and closer to reality. We should say that this is a kind of progress in theoretical understanding. At present, the Soviet Union is further summing up its experiences so that a real and scientific understanding of the socialist theory can be achieved and so that its domestic reforms can be carried out under the guidance of correct ideology. In the past, some people in the theoretical circles pointed out that all kinds of rash-advance viewpoints on the question concerning the degree of social development have direct relations with some erroneous views in

theory. According to some articles published by Soviet newspapers and journals recently, these erroneous views are mainly expressed by the following questions:

**1. On the Basic Contradiction of Socialist Society [sub-head]**

What is the basic contradiction of socialist society, and what are its concrete expressions in the current stage? A correct answer to this question is of important theoretical and practical significance to gaining a clear understanding of the nature of society in the current stage and working out correct policies for reforms. For this reason, there have been disputes over this question in Soviet theoretical circles since the 1950's. So far, though, there still are no identical views. Some well-known scholars, such as Lie Ze Er Man [2706 0441 0463 1422 2581] and Lu Te Kai Wei Qi [7627 3676 0418 4850 1142], denied that there is a basic contradiction in socialist society. They held that there is only a principal contradiction rather than a basic contradiction in socialist society. What Marx said about the basic contradiction of a society was directed against capitalist society and cannot be mechanically applied to socialist society. They also held that it is not necessary to make a distinction between basic contradiction and principal contradiction, because even if there were differences between them, they are but differences on assumptions. They emphasized the study of real contradictions in socialist society, such as the contradiction between the two aspects of the way of production, the contradictions within the economic system, and the contradictions between various social groups regarding their interests, because correctly handling these social contradictions is of great significance to the management organs.

There were also some scholars who held that there is a basic contradiction in socialist society, but there were also differences in their understanding. Those who hold that the contradiction between the productive forces and the production relations is the basic contradiction of socialist society have always been criticized. Both *Pravda* and *Kommunist* of the Soviet Union have published articles to criticize this viewpoint. They have said that "pointing out a sociological contradiction that is known to all is of no help in understanding a new social form." They held that the basic contradiction of socialism should be found in the relationship between production and consumption (or even demand), or in the setup of production relations. Some even said that it exists in the contradiction between spontaneity and consciousness under the socialist condition.

In our opinion, like all other social forms, being an initial stage of the communist society, socialist society has also its own basic contradiction. That contradiction is between the productive forces and the production relations and between the economic basis and the superstructure. If this is negated, not only will there be



confusion in theory but there will also be bad influences on the practice of socialist construction. The situation of the Soviet Union is an example.

Since the 27th CPSU National Congress, Bu Deng Ke [1580 4098 4430] (PhD, professor), who was criticized for many years in the past, has published many articles to rebut the above-mentioned viewpoints. He reiterated his 1982 viewpoint that "the basic contradiction of socialist society is the contradiction between the increasing productive forces and the existing socialist production relations." He held that his viewpoint is the same as that expounded by Gorbachev in his report at the 27th CPSU National Congress. He pointed out that the reason these viewpoints are wrong is that they are trying to "seek the basic contradiction outside the range of dialectics of the socialist mode of production — the productive forces and the production relations." The dialectics of the productive forces and the production relations under the condition of socialism is the key to perfecting the socialist system. It directly concerns whether the contradiction between the objective demand of the social development of the Soviet Union and the reduction in the rate of its economic development can be correctly handled. This contradiction was very sharp throughout the 1970's and the beginning of the 1980's, producing a negative influence on the fulfillment of both internal and external tasks of the Soviet Union.

## 2. On Dialectics of the Productive Forces and the Production Relations [subhead]

The new party program adopted by the 27th CPSU National Congress criticized the theoretical circles for divorcing from the reality of life. It also required social scientists to "concentrate their efforts on the study and overall analysis of dialectics of the productive forces and the production relations." Gorbachev also emphasized that the contradiction between the existing productive forces and the socialist production relations is a fundamental and urgent problem to resolve. He criticized the theoretical circles for not breaking the frame of dogmatism when explaining this question, such as separating the production relations from the real situation of the productive forces and from the people's practice. As a result, the production relations were regarded as a kind of unchangeable substance that is far away from practice.

What are the concrete expressions of dogmatism on this question?

First, among the Soviet social scientists, there generally exists a formulistic viewpoint. This viewpoint holds that in the period of transition from capitalism to communism the production relations should undergo three changes: The change from nationalizing capitalist private ownership of the means of production to state ownership after the proletariat seizes state power; the change from cooperative private ownership of the peasants and small proprietors to collective economy in the period of transition from capitalism to socialism; and the

merger of the two forms of socialist ownership, which become very close to each other as the productive forces are highly developed after the victory of socialism, into unified communist ownership. Influenced by this viewpoint, there are two extremes in the viewpoint on the question of transforming the production relations: One is being overly hasty in the transition toward communism; the other is regarding the socialist production relations as a certain "unchangeable substance." It holds that in a rather long period of time from the second "leap" to the third "leap," there will be no qualitative change in the production relations until only a certain stage. The well-known economist Lu Te Kai Wei Qi [Chinese transliteration of foreign name] held that this viewpoint is wrong because it interprets the production relations as simply the relations between various ownerships of the means of production. This is a vestige of Stalin's viewpoint, which holds that production relations will always and completely suit the productive forces after the ownership of the means of production is changed into ownership by the whole people. In reality, it has pushed aside the most dynamic part of the production relations — the economic mechanism and the operation and management system.

Second, in Soviet theoretical circles, there also exists an erroneous view. This holds that, under the socialist condition, the production relations will automatically suit the nature of the productive forces. In other words, after nationalizing the capitalist private ownership and after the cooperation of the small private ownership of the peasants, before the task of merging the two forms of socialist ownership into unified communist ownership is placed on the agenda, production relations will automatically suit the nature of the productive forces. This does not need the special care of society. Its theoretical basis is that the socialist production relations established in the Soviet Union at that time were at a much higher level than the productive forces could reach. According to this viewpoint, this kind of "leading" production relations provides the productive forces with plenty of room for development. In the period when the gap between the development of the productive forces and the production relations is not made up, the production relations can always suit the nature of the productive forces and do not need further readjustment and perfection.

Third, while criticizing the above-mentioned viewpoints, some people have gone to another extreme. These believe that there does not exist, and will never exist, the dialectics of "reversed" relationship between the productive forces and production relations. In their interaction, the productive forces are in a dominant position. Being an expressive form of development of the productive forces, the production relations are changing along with the changes of the productive forces and are developing on this basis to suit the changes of the productive forces. The phenomenon of the so-called production relations "exceeding" the development of the productive forces does not exist in the concrete process of social

development. Bu Deng Ke, the above mentioned professor, holds this view. He holds that the "theory of exceeding" is wrong because it confuses the socialization in legal forms with socialization in reality and confuses the development of the object of socialist ownership with that of the subject of this ownership. Socialization in reality requires that the working people possess, in reality rather than in legal form, the means of production and social wealth which, according to law, should belong to them. But social wealth is an outcome of the long-term development of social economy. Obviously, this explanation is not persuasive. In order to make his explanation consistent, he cannot but admit that after eliminating capitalist private ownership and private ownership of small peasants, the socialization of the means of production in legal forms has actually created conditions for the formation of new production relations. But, he said that these new production relations can only be those permitted by the real nature and development of the productive forces. In other words, they should be those that can be established under the current productive conditions and on the existing working material basis.

Since the problem of the production relations "exceeding" the development of the productive forces does not exist in the Soviet Union, what does perfecting the socialist production relations mean then? The report of the 27th CPSU National Congress pointed out: "The existing form of production relations and management and operation systems were basically shaped under rough conditions of development. They are gradually becoming outdated and have begun to lose their role of stimulation; some of them have even become obstacles." Some people in theoretical circles have written articles to make further expositions on this question: At that time, there was only one possibility for the Soviet Union, as well as for most socialist countries established later, which were surrounded by the capitalist countries and often threatened by the imperialists, to achieve rapid development through rough factors of growth. This brought forth the production relations system, economic mechanism, and economic planning and management principles that suit the objective situation. Since the productive forces were not highly developed and manual labor existed everywhere in society, the economic mechanism chiefly based on the general quantitative target was suitable for the situation of that period. Under such conditions, live labor should serve the needs of dead labor, materialized labor. As the form of social division of work was decided by materialized labor, it was impossible to achieve great progress in gradually eliminating the distinction between mental and manual labor. It was in this frame of production relations, which suited the development of the productive forces, that the productive forces were rapidly developed and the material and technological bases of the society were established and developed. Then there were men of the socialist society. With the lapse of time, the potentialities of these real forms of production relations have been used up. They need further perfection and development. In other

words, the production relations should be readjusted so that the socialist reproduction will be shifted onto the track of intensive development more quickly.

### 3. On the Nature of Socialist Society [subhead]

Since the 1960's, the Soviet Union has been propagating a viewpoint through party documents and theoretical works, making people believe that it is developing toward communism and that socialism is gradually growing into communism. What is socialism? The following formula is quite popular in theoretical circles: Socialism equals the birthmark of the old society (the remnants of capitalism) plus the seeds of communism (immature communist factors). Scholars holding this viewpoint regard all such things as class structure of the society, the three major differences, personal part-time jobs, commodity production, commodity-money relationship, the calculation of value, and the market as the "birthmark of the old society." They regard state ownership of the means of production, the planning for social development, the direct social nature of labor, collectivism, and so forth, as the seeds of communism. According to this theory, the transition to communism means eliminating the former and developing the latter.

The 27th CPSU National Congress criticized this viewpoint of being overly hasty in the transition to communism. It pointed out that "it is still too early to shift the task of building communism to direct and practical action." The new party program stipulates that the basic task of the party is to develop and consolidate socialism and to perfect socialism in a planned way and in an all-round manner, so that the Soviet society can continue to advance toward communism. Some people demanded that the time needed for the transition to communism be made more accurate. But Gorbachev holds that according to past experience, it is improper to set a definite time for the realization of the targets on the program. He said that today we can only assert that this program cannot be fulfilled in this century.

When expounding on the nature of socialist society in theoretical circles, the basis of socialist society was emphasized. Some people said that if the distinguishing feature of socialism is interpreted as the common ground of the communist forms and the birthmark of the old society, there would be no specific contents of socialism and its economic relations and the specific economic laws of socialism would not exist. But in fact, socialism is a substantial form of society with a stable economic basis. The effort to perfect socialism means to further develop this basis and to fully tap its potentialities and superiority. Gorbachev also holds that the question of continuing to renew socialism on its own basis has now been placed on the agenda.

Then, what are the concrete contents of the basis of socialism? In principle, they include both the specific factors of socialism and some common factors of the two



stages of communism. The special significance of tapping the potentialities and giving play to the superiority of the special factors of socialism is to consolidate the common basis of communism. To put it concretely, the relationship between commodity and money, the market, the cooperative ownership, and statistics are all essential parts of socialism. Bu Deng Ke clearly pointed out that all such things as the class structure in socialist society and various component classes, state planned guidance over the economy, socialist commodity production, and the relations between commodity and money as a whole are of socialist nature.

Judging from the situation of the theoretical circles, on the question of cooperative ownership and relations between commodity and money, the dominant viewpoint has been contrary to practice for a long time. To cooperative ownership, real life requires that its potentialities and those of sideline production in rural areas be fully and thoroughly tapped so that grain production can be increased as quickly as possible to ensure food supply for the people. However, the theoretical circles have made great efforts to criticize the socialist cooperative ownership, especially the system of collective farms. They say that the collective farm-cooperative ownership is not important and has almost fulfilled its historical missions. In 1985, Kosolapov, chief editor of *Kommunist*, also wrote an article saying that "the collective farm-cooperative economy is but an auxiliary form and is losing its own significance." Obviously, this viewpoint does not hold water. In his report at the 27th CPSU National Congress, Gorbachev emphasized: "The capability of the cooperative ownership has still not been brought into full play. Many collective farms and cooperatives have proved themselves to be effective organizations." He urged people to forcefully popularize this form of organization in the production and processing of products, in the construction of houses, orchard, and vegetable gardens, and in service trade and commodity production.

Soviet theoretical circles have also regarded the commodity-money relationship a remnant of capitalism. It seems that if it is not eliminated as soon as possible, there is always the danger of capitalist restoration. Some people hold that so long as a product has the nature of a commodity, the interests of the "private owner" will be ensured. Anyone who advocates "socialist commodity production" is criticized and regarded as an outcome of the "infiltration" of "market socialism," which is entirely incompatible with Marxism. The 27th CPSU National Congress criticized this bias on the relationship between commodity and money. It required overcoming the phenomenon of underestimating the commodity-money relationship in the practice of guiding the economy in a planned way. Gorbachev holds that the commodity-money relationship has a positive significance to enhancing the people's sense of responsibility and increasing productivity. If this is negated, the economic accounting will be weakened and some other bad consequences may also arise. On the contrary, if the role of the

commodity-money relationship is brought into full play in accordance with socialist principles, it can help create a condition under which the result of production is determined by the quality of work and the ability and initiative of the leaders.

Some people have raised further theoretical questions: Some objective laws play their roles in capitalist society; can they also play their roles in socialist society? Professor Bo Bo Fu [3134 3134 1133] of Moscow University gave an affirmative answer to this question. He said that in the sphere of science and technology, there is no doubt that the two different societies have some common laws. Besides, in the setup of production organizations, in large and small enterprises, and in all industrial departments, especially in the development of various areas, there also exist some common objective laws. The most complicated one is the basic law governing capitalist economy—the law of value. What roles does it play in the Soviet Union? He held that although this question has yet to be further studied, there is one sure point. That is, the law of value does not belong to capitalism alone. It is a common economic law for many large-scale social setups. It took various forms and played its roles in slave society and feudal society. Under capitalism, it has been developed to its utmost. However, in the imperialist stage, its roles have begun to be restricted. In socialist society, its roles will also be restricted. Therefore, it is necessary to make great efforts to study the question concerning the basis of the law of value. In this connection, there is one point that must be made clear—that is, there is an essential difference between the law of value under socialism and that under capitalism. What is this essential difference? Bo Bo Fu only mentioned one point: Labor force is not a commodity.

Judging from the current situation in theoretical circles, since discussions have just begun on this question, there still are not systematic and fully persuasive scientific theories acceptable to the majority of people. Bo Bo Fu said that the biggest problem in reform that needs to be solved in theory is the problem concerning the formation and development of the socialist theory. Now it is time for us to conscientiously study this problem. For this reason, it is necessary to renew our understanding of all theoretical heritages and create new concepts on socialism. He emphasized that without doing so, all reforms cannot be successful.

By summing up the experiences and lessons over the past 70 years, the Soviet Union has come to realize that overcoming the mistakes in theory and gaining clear understanding of the degree of development of socialism are of direct and important significance to formulating the party's strategic policies. Bu Deng Ke said with deep feeling that as early as the 1970's, some people had already written articles to rebut those erroneous viewpoints, but the spreading of the erroneous theories was still not curbed. The main reason is that the theoretical criticisms did not touch the formulation of the party's strategic policies. On the one hand, some theorists were



criticizing dogmatism in socialist theories and viewpoints. On the other hand, the party continued to emphasize the task of transition toward communism. The mistakes of certain theoretical points of the party program were not recognized until the 1983 June plenary session of the CPSU Central Committee. These points "were unable to withstand the test of time, were divorced from reality, and advocated rash advance and did not have sufficient grounds in exposition." The party program was revised at the 27th CPSU National Congress in 1986. Although the wordings for the stages of social development were not changes, the emphasis was shifted to the work of perfecting socialism. It was emphasized that Soviet socialism was still in the course of development. Not long ago, Sha He Na Zha Luo Fu [3097 6378 4780 2610 5012 1133], president of the USSR Political Science Association] pointed out that beginning from the French great revolution in 1789, efforts had been made over the past nearly 200 years to perfect the capitalist system, but the history of the earliest socialist country is still less than 70 years. Therefore, there is still a long way to go. The peak is ahead, and the Soviet Union is still in an early stage of socialism.

It is true that socialism has been in this world only for nearly 70 years. It is still in the course of practice. The socialist theory also needs a course of continuous development to become mature. Some viewpoints mentioned in this article can be taken as our reference when studying the questions concerning the initial stage of socialism today, though many of them are still open to question.

### Northeast Asia

#### Friendship Delegation Meets Japanese Leaders

##### Takeshita on Relations

HK101514 Hong Kong ZHONGGUO XINWEN SHE  
in Chinese 1345 GMT 10 Nov 87

[Report: "Noboru Takeshita Meets With a Delegation of the Sino-Japanese Friendship Association"]

[Text] Tokyo, 10 Nov (ZHONGGUO XINWEN SHE)—This afternoon, Japanese Prime Minister Noboru Takeshita met with a delegation of China's Sino-Japanese Friendship Association headed by Sun Pinghua. This was the first Chinese delegation received by Takeshita since he was elected prime minister of Japan.

Sun Pinghua, president of the Sino-Japanese Friendship Association, extended congratulations to the new Japanese prime minister and also conveyed congratulations from Chinese leaders Deng Yingchao and Wang Zhen. Sun Pinghua said that we are very glad to hear that Prime Minister Takeshita intends to visit China as soon as possible. Sino-Japanese relations in general are very good, although there are some problems. Of course these problems are left over from the past. Prime Minister

Takeshita is our old friend. The Chinese people place much hope on the new Takeshita cabinet for promoting friendship between Japan and China.

Takeshita said: Next year will be the 10th anniversary of the signing of the Japanese-Chinese Peace and Friendship Treaty. We have invited General Secretary Zhao Ziyang to visit Japan, and we look forward to the meeting with the general secretary.

Takeshita said: The Japanese-Chinese friendship treaty and the four principles for Japanese-Chinese relations form the foundation for relations between the two countries. The friendship ties between the two countries will become more solid on this basis. Now all sorts of exchanges are being carried out between Japan and China. But there are some problems. It is believed that so long as we attach importance to these principles and deal with the problems according to these principles, the problems will be solved.

At the beginning of the meeting, Sun Pinghua presented a Chinese painting by Dong Shouping, a famous Chinese painter, to Prime Minister Takeshita as a gift. Takeshita expressed gratitude upon receiving the Chinese-style bamboo painting with profound connotations.

##### Takeshita on Solving 'Problems'

OW110218 Beijing XINHUA in English 1500 GMT  
10 Nov 87

[Text] Tokyo, November 10 (XINHUA)—Japanese Prime Minister Noboru Takeshita indicated here today that with a concerted effort the problems between Japan and China could certainly be resolved.

Takeshita made that comment while receiving the Sino-Japanese friendship delegation led by Sun Pinghua that arrived here November 7.

The newly-elected prime minister expressed confidence that Japanese economic circles would make a positive move towards investment in China.

Referring to the Toshiba incident which had an adverse affect on China, Takeshita told the Chinese delegation that his government is now seriously considering the question of exporting high-tech products to China.

The Toshiba incident involved Japan's sale of high-tech equipment to the Soviet Union, which resulted in punitive sanctions being imposed on Japan by the United States. That in turn led to Japan's failure to fulfill export quotas with China.

Takeshita said that he was considering going to China to attend next year's tenth anniversary celebration of the signing of the Japan-China peace and friendship treaty.

**Nakasone on Kokaryo**

OW110951 Tokyo KYODO in English 0638 GMT  
11 Nov 87

[Text] Tokyo, Nov. 11 KYODO—Sun Pinghua, president of the China-Japan Friendship Association, asked former Prime Minister Yasuhiro Nakasone Wednesday to work for a solution to issues pending between Japan and China.

In a meeting at Nakasone's office, Sun said he respected Nakasone's contributions to Sino-Japanese relations during his five-year premiership.

Referring to the "Kokaryo" dispute, which involves the ownership of a Chinese student dormitory in Kyoto, and the issue of restrictions on exports to China in connection with COCOM rules, Sun said he hopes Nakasone will exercise his political influence to solve unsettled problems between the two countries.

In response, Nakasone said he will make efforts to promote Sino-Japanese relations as a rank-and-file member of the ruling Liberal Democratic Party.

Sun also called on Nakasone to visit China and Nakasone expressed his hope to visit China at a proper time.

**Government Urged To Solve Kokaryo Case**

OW110249 Beijing XINHUA in English 1504 GMT  
10 Nov 87

[Text] Tokyo, November 10 (XINHUA)—A group of Japanese public figures prominent in promoting Japan-China friendship, urged their government today to resolve the Kokaryo case quickly.

Senator Tokuma Utsunomiya, chairman of the Japan-China Friendship Association, and eight other well-known figures, including Kaheita Okazaki, chairman of the Japan-China Youth Research Association, attended a press conference at the senate office today.

The five-story Kokaryo dormitory in the western Japanese city of Kyoto was bought with money from China after World War II and was used by Chinese students. However, in February 1987, an Osaka high court turned the dormitory over to Taiwan. China is appealing the decision before Japan's Supreme Court.

The statement of the eight public figures today charged that the court's decision conflicts with the principles of the Japan-China joint statement signed in 1972 and the Japan-China peace and friendship treaty in 1978.

By hearing the Taiwan authorities' petition, the statement said, the court had, in fact, recognized them as a "government."

The statement concluded, "at a time when the new Cabinet is being formed, we call on the government to act in line with our constitution and international law to take measures to solve the Kokaryo case."

**Japan Socialist Party Delegation Visit**

**Arrives 12 Nov**

OW121428 Beijing XINHUA in English 1031 GMT  
12 Nov 87

[Text] Beijing, November 12 (XINHUA)—A delegation from the Socialist Party of Japan led by Takako Doi, chairman of the Central Executive Committee of the party, arrived here by plane this afternoon.

The Japanese visitors have come here on an eight-day official, goodwill visit to China at the invitation of the Chinese Communist Party (CPC) Central Committee.

Zhu Liang, member of the CPC Central Committee and head of the International Liaison Department of the CPC Central Committee, greeted the guests at the airport.

Takako Doi has made quite a number of trips to China, but this is first time she leads a delegation to visit China after she assumed the chairmanship of the Central Executive Committee of the Socialist Party of Japan.

**Sees Zhao Ziyang**

OW131130 Tokyo NHK General Television Network  
in Japanese 1000 GMT 13 Nov 87

[Video shows Zhao Ziyang standing, speaking with a group of reporters clustered around him]

[Text] According a report from Beijing by Correspondent Oii, Zhao Ziyang, general secretary of the CPC, has asked the Japanese Government to work toward improving bilateral relations. Mr Zhao met with Japanese reporters who are now in Beijing accompanying the visiting chairperson of the JSP, Ms Takako Doi.

Mr Zhao said he is happy to hear that since his installation, Japan's new prime minister has repeatedly said that he wants to work hard to improve ties between China and Japan. He said that bilateral relations are generally good, but there are political and economic issues that have to be resolved. He said that he wants Mr Takeshita to visit China next year so that they can exchange opinions and further improve their relationship. He says he expects Mr Takeshita to do his part to resolve remaining problems.

Mr Zhao spoke about the controversial issue of a dormitory in Kyoto which is claimed by both Taiwan and China. He said it is natural for China to claim ownership

on the basis of the bilateral joint statement and the peace and friendship treaty between China and Japan. He says that he thinks the Japanese Government has the ability to resolve the issue.

Mr Zhao did not give any specific date for a visit to Japan. He said he welcomes the superpower summit scheduled for December because it will help ease tension in the world.

**Japan Delaying Decision on Toshiba Contracts**  
*OW101017 Beijing XINHUA in English 0905 GMT  
10 Nov 87*

[Text] Beijing, November 10 (XINHUA)—China has accused Japan of dragging its heels in preventing signed contracts with the Toshiba Machine Company from coming into effect here.

"China has had nothing to do with the Toshiba Machine case but has sustained great economic loss," Liu Xiangdong, an official of the Ministry of Foreign Economic Relations and Trade, said Monday in a meeting with a Japanese economic news delegation.

"Although the Japanese Government time and again expressed it would appropriately handle the problem, no action has been seen so far," said Liu, director of the ministry's Policy Research Office.

Liu said 25 contracts involving 2.4 billion Japanese yen signed between Chinese companies and Toshiba Machinery Company cannot be fulfilled because of delays caused by the Japanese Government in examining and approving machinery contracts to China.

These account for 85 percent of the company's total contracts being banned.

At the same time, contracts involving 900 million Japanese yen concluded between Chinese and other Japanese companies cannot be fulfilled on schedule although ground facilities of some of the projects are still being built and support equipment manufactured.

"We hope the Japanese Government will pay attention to solving the problem," Liu said.

Liu noted Sino-Japanese trade this year to the end of September was 11.243 billion U.S. dollars, 8.29 percent less than the same period last year. China exports to Japan were worth 4.355 billion U.S. dollars and imports 6.887 billion U.S. dollars for a deficit of 2.532 billion U.S. dollars.

Liu said China hoped to increase its exports to Japan by improving product quality and increasing varieties to suit Japanese needs.

**Hu Qili Briefs Japanese Journalists**

**Discusses Congress**

*OW091640 Beijing XINHUA in English 1615 GMT  
9 Nov 87*

[Text] Beijing, November 9 (XINHUA)—Hu Qili, member of the Political Bureau Standing Committee of the Chinese Communist Party's Central Committee, briefed Japanese visitors on the party's recently-held 13th National Congress today.

Hu, also secretary of the committee's Secretariat, met this afternoon with a Japanese delegation led by Ko Morita, president of Japan's economic journal.

"No doubt this meeting was very significant to the party's history," Hu said, "and it was also a meeting of solidarity and democracy to further the reform and open policy."

"Most importantly," Hu said, "the congress reviewed the implementation of the reform and open policy over the past nine years, and put forward the theory of the primary stage of socialism."

Hu also said, "the congress made an overall, systematic statement on policies enacted since the 3d Plenary Session of the 11th Party Central Committee in 1978."

The primary stage of socialism in China differs from that in other countries, Hu noted, and China has to do a lot in this stage that many other countries have completed in the stage of capitalism.

"The most important thing is to develop the commodity economy," Hu said, adding the stage of capitalism can be bypassed, but not the commodity economy.

"We should learn from things conducive to developing the commodity economy to promote the development of the productive forces," Hu said, "and only in this way can we wipe out poverty and show the superiority of the socialist system."

In response to questions about China's domestic and foreign affairs, Hu said, "China and Japan are neighbors, and it would be dangerous if we are not on good terms."

The two countries' economies are tending to absorb each other's strongpoints to improve their respective weakpoints and to cooperate in development, Hu added.

Among those present at the meeting were director of "People's Daily" Qian Liren and editor in chief of the paper Tan Wenrui.



**Views Sino-Japanese Relations**

*OW101552 Beijing XINHUA in English 1451 GMT  
10 Nov 87*

[Text] Beijing, November 10 (XINHUA)—Hu Qili, member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China (CPC), said here today that Japan's new prime minister, Noboru Takeshita, "is an old friend of China" who has done much in promoting Sino-Japanese friendly ties.

Hu made this remark at a meeting with a group of journalists from the *West Japan Daily News* and the *West Japan TV* led by Shu Aoki, president of the *West Japan Daily News*.

Hu said China appreciates Noboru's statement that his new cabinet would abide by the spirit of the Sino-Japanese Joint Statement, the Treaty of Peace and Friendship and the four principles for guiding the bilateral relations and work for the development of Sino-Japanese relations.

He continued that the Sino-Japanese relations are on the whole good, although some problems, mainly political ones, have cropped up.

He expressed the conviction that no matter how difficult these problems are, they can be solved so long as the two sides handle the problems in accordance with the joint statement, the treaty and the four principles.

He said China and Japan, which are so close to each other geographically, have no reason not to make new efforts to further friendly cooperation.

"In this respect, we pin great hopes on Mr. Noboru," Hu Qili said.

He also answered the Japanese newsmen's questions about the CPC 13th National Congress.

**Deng Yingchao Meets Japanese Delegation**

*OW100055 Beijing XINHUA in English 1032 GMT  
9 Nov 87*

[Text] Beijing, November 9 (XINHUA)—Deng Yingchao, chairman of the National Committee of the Chinese People's Political Consultative Conference, met Tiushaburo Kagita, president of the Japanese Society of Studies on the Asian Politics and Economy, here this afternoon.

Deng told Kagita, who is former mayor of Nara, that she felt quite delighted to meet guests from Nara, of which she is an honorary citizen.

She praised Kagita for his contributions to the development of the friendship between the Chinese and Japanese peoples, especially the friendly cooperation between Nara and the Chinese city of Xian, for many years.

**Deng Yingchao Meets Cultural Delegation**

*OW071357 Beijing XINHUA in English 1310 GMT  
7 Nov 87*

[Text] Beijing, November 7 (XINHUA)—Deng Yingchao, chairperson of the Chinese People's Political Consultative Conference National Committee, met here today with a delegation from the Japan-China Cultural Exchange Association.

The delegation is headed by Yasushi Inoue, president of the association.

Yasushi Inoue said that he was delighted to see that Deng is in good health. He also congratulated on the success of the just-ended 13th National Congress of the Communist Party of China (CPC).

Deng noted that the congress discussions centered on two subjects: One was on furthering the reform and open policy, and the other was on the question of succession by younger people to the leading organs of the CPC.

"We have attached importance to the rejuvenation of the ranks of the cadres since the 12th National Congress 5 years ago, and now we have succeeded in achieving this goal," Deng said.

Wang Meng, minister of culture, attended the meeting.

**Fang Yi, Song Jian Meet Mitsubishi Visitors**

*OW072041 Beijing XINHUA in English 1544 GMT  
7 Nov 87*

[Text] Beijing, November 7 (XINHUA)—Chinese State Councillor Fang Yi met here today with a delegation from the Mitsubishi Corporation of Japan, headed by Shinroko Morohashi, president of the corporation.

In the afternoon, Song Jian, Chinese state councillor and minister in charge of the State Science and Technology Commission, met with the Japanese visitors.

The Japanese guests have come to attend the fourth round of talks of Mitsubishi science and technology and on a visit to China.

**PLA's Hong Xuezhi Receives Japanese Visitors**

*OW120228 Beijing XINHUA in English 1208 GMT  
10 Nov 87*

[Text] Beijing, November 10 (XINHUA)—Hong Xuezhi, director of the General Logistics Department of the Chinese People's Liberation Army, met here today a group of Japanese visitors headed by Keiso Nishiyama.

Some of the Japanese visitors fought for China's liberation war in the 1940's, and others participated in the country's socialist construction in the 1950's.

### **Southeast Asia & Pacific**

#### **Philippine Jaime Cardinal Sin Visits**

##### **Arrives With Delegation**

*HK120607 Beijing International Service in Tagalog*  
*1130 GMT 11 Nov 87*

[Text] His Eminence Jaime Cardinal Sin and his delegation arrived in Beijing last night for a 10-day visit in China upon the invitation of the People's Association for Friendship with Foreign Countries. The delegation was greeted at the airport by the vice chairman of the Friendship Association and responsible persons of China's religious bureau.

##### **Meets Zhao Ziyang**

*OW111813 Beijing XINHUA in English 1550 GMT*  
*11 Nov 87*

[Text] Beijing, November 11 (XINHUA)—"China admires the Philippine President Corazon Aquino's efforts in national construction," Chinese Premier Zhao Ziyang said today at a meeting with Jaime Cardinal Sin of the Philippine Catholic Church.

"Good Sino-Philippine relations have a long history," Zhao said, "the recently-released co-produced film 'The King of Sulu and the Emperor of China' can prove it."

"This is your second visit to China and you are our old friend," Zhao said, also wishing the cardinal a successful visit.

He telephoned President Aquino before he left Philippines, the Cardinal said, and she asked him to convey her regards to premier Zhao Ziyang, and expressed the hope to visit China next year.

"We hope she will visit China as soon as possible", Zhao explained, "and we will show her a warm welcome."

Zhao also asked the cardinal to convey regards and good wishes to president Aquino from President Li Xiannian and himself.

Zhao briefed Jaime Cardinal Sin on the peaceful diplomatic policies China has been independently and self-reliantly carrying out.

Chu Tunan, vice-chairman of the Chinese National People's Congress Standing Committee met with Jaime Cardinal Sin and his party at the Great Hall of the People this evening.

The Philippine guests arrived in Beijing yesterday on the invitation of the Chinese People's Association for Friendship With Foreign Countries.

##### **Discusses Vatican Ties**

*HK121238 Hong Kong AFP in English 1202 GMT*  
*12 Nov 87*

[By Bernard Degioanni]

[Text] Beijing, Nov 12 (AFP)—Jaime Cardinal Sin of the Philippines has discussed ways of normalising relations between the Vatican and China with Communist Party general secretary Zhao Ziyang, it was learned here Thursday.

The discussion took place Wednesday, shortly after Cardinal Sin began a two-day visit here. Observers said it was the highest-level contact between a senior Roman Catholic clergyman and a top Communist Party official since Beijing broke off ties with the Holy See 30 years ago.

Cardinal Sin told a U.S. journalist here he had discussed with Mr Zhao possible ways of normalising relations and had noted "willingness" on his part.

He said he would inform Pope John Paul II of this.

No official comment could be immediately obtained on the cardinal's remarks, although the official press Thursday said Mr Zhao had expressed a wish that President Corazon Aquino visit China soon.

Many Western diplomats in Beijing did not believe Wednesday's meeting will produce early concrete results.

Since the 1957 rupture in their diplomatic relations, China has accused the Vatican of interfering in its internal affairs, notably by "secretly" appointing Chinese bishops.

Beijing has also criticised Vatican relations with Taiwan.

After the break in relations, Beijing created the Patriotic Church of China, which is under government control, appoints its own bishops and is said to have three million members.

Since 1979, Beijing has become much more tolerant of religion, specifically regarding Catholics, but Western diplomats here do not believe Beijing is ready yet to recognise the Vatican's authority in religious matters.

Analysts say there are another three million Roman Catholics who conceal their loyalty to the Vatican and worship in secret.

In his meeting with Mr. Zhao, Cardinal Sin let it be understood that the release of religious detainees in China could help promote the revival of diplomatic relations.

Western sources say dozens of priests, notably Jesuits, are still imprisoned in China. Ten of them, aged more than 70, were arrested in Shanghai in 1981.

The last conciliatory gesture towards the Vatican was in June 1985, when China released the former bishop of Shanghai, Monsignor Ignatius Gong Pinmei, after 30 years' imprisonment on a charge of high treason.

Observers noted that the recent religious tolerance shown by the communists, marked notably by the reopening of more than 600 Catholic churches, has particularly favoured the increase of contacts, official and otherwise, between the Vatican and the Patriotic Church.

"This has permitted the Vatican, through direct contacts with the Chinese clergy, to have a noticeable influence on the nomination of priests and bishops," said a Catholic expert.

Vatican influence is also noticeable in the numerous ecclesiasticals put out by the Patriotic Church, observers said.

Western diplomats said that by showing proof of its leniency towards Catholics, China has drawn increased attention from the Vatican, which will help Beijing in its aim to be seen as a liberal regime.

"The Vatican and Beijing have been playing cat-and-mouse for many years and it continues," the Catholic expert said.

**Sihanouk Leaves for Paris**  
OW110620 Beijing XINHUA in English 1534 GMT  
10 Nov 87

[Text] Beijing, November 10 (XINHUA)—Democratic Kampuchean President Samdech Norodom Sihanouk and his wife Monique Sihanouk left here for Paris tonight.

They were seen off at the airport by Ngapoi Ngawang Jigme, vice-chairman of the National People's Congress Standing Committee, as well as diplomatic envoys of a number of countries.

## Near East & South Asia

**Nepal Weekly Article Praises CPC Congress**  
OW130154 Beijing XINHUA in English 0125 GMT  
13 Nov 87

[Text] Katmandu, November 12 (XINHUA)—The 13th Congress of the Chinese Communist Party is a significant historic event which has underlined the firm resolve of the Chinese leadership to move China along the path of reform and modernization, the Nepalese *Matribhumi* (Motherland) weekly said.

The latest issue of the weekly said in an article, "The congress will prove a decisive contribution in imparting a greater momentum to the process of economic, political, and administrative reforms in China."

"The 13th Party Congress adopted the policy of openness and program of economic and political reform aimed at modernization," it said.

It said, "the process of reform in all important political, economic and administrative spheres aimed at modernization has been adopted 9 years ago in China. The new Chinese leadership had also adopted the policy of keeping China open to the world."

As a result, it added, the government revenue, national production and people's income have increased 100 percent in the past 9 years.

"In the political sphere, China is being guided toward greater democracy under the socialist system," it said.

It said in conclusion, "The 13th Congress of the Chinese Communist Party makes it clear that China is determined to keep moving on the path of Marxist socialism and wants to further intensify its modernization."

## Pakistani Trade Delegation on Official Visit

**Meets Chen Muhua**  
OW101323 Beijing XINHUA in English 1240 GMT  
10 Nov 87

[Text] Beijing, November 10 (XINHUA)—Chinese State Councillor Chen Muhua met and gave a dinner in honor of a Pakistani Government delegation of economics and trade headed by Yasin Khan Wattoo, minister of finance and economic affairs, here.

**Meets Li Peng**  
OW111425 Beijing XINHUA in English 1217 GMT  
11 Nov 87

[Text] Beijing, November 11 (XINHUA)—Chinese Vice-Premier Li Peng met here today a government economic and trade delegation from Pakistan, led by Yasin Khan Wattoo, minister of finance and economic affairs.



**Signs Minutes**

*OW120243 Beijing XINHUA in English 1155 GMT  
11 Nov 87*

[Text] Beijing, November 11 (XINHUA)—Minutes of the fourth session of the Sino-Pakistan Joint Committee on economic, trade, scientific, and technical cooperation, held between November 8 and 11 in Beijing, was signed here today.

Signing the document on behalf of their respective governments were Zheng Tuobin, Chinese minister of foreign economic relations and trade, and Yasin Khan Wattoo, Pakistan minister of finance and economic affairs.

The two ministers also initialed an agreement between the two governments on reciprocal encouragement and protection of investment.

**Sub-Saharan Africa**

**South African Oppositionists Visit Leaders**

**Meet Ji Pengfei**

*OW120204 Beijing XINHUA in English 1537 GMT  
10 Nov 87*

[Text] Beijing, November 10 (XINHUA)—Ji Pengfei, member of the Standing Committee of the Central Advisory Commission of the Chinese Communist Party and state councillor, hosted a dinner here tonight in honour of Colin Eglin, leader of the Progressive Federal Party of South Africa, and a party delegation led by him.

Proposing a toast, Ji said that the South African authorities are the only reactionary regime in the present [word indistinct] which promulgates law for pursuing a policy of apartheid and racial discrimination. It is also the obstinate bastion obstructing Namibia's independence and disrupting peace and stability in southern Africa.

He continued that the Chinese Government and people strongly condemn the South African regime's perverse acts and have all along sympathized with and supported the South African people's just struggle against racial segregation and for racial equality and democratic rights, and supported their reasonable demands for the release of Mr. Nelson Mandela and other political prisoners and for unbanning mass organizations.

**Hold Press Conference**

*OW111429 Beijing XINHUA in English 1214 GMT  
11 Nov 87*

[Text] Beijing, November 11 (XINHUA)—“We are looking forward to the day when the apartheid system will be abolished and then it becomes possible for South

Africa and China to enjoy normal and friendly relations,” said Colin Wells Eglin, visiting South African Progressive Federal Party leader at a press conference here this afternoon.

He noted that people-to-people exchanges, especially those involving South Africans who oppose the apartheid, are very important.

“Our presence here, as guests of the Chinese Association for International Understanding, is a recognition of the long and consistent fight the Progressive Federal Party has waged against the apartheid and racial discrimination,” the leader added.

**Further on Press Conference**

*MB111555 Umtata Capital Radio in English  
1500 GMT 11 Nov 87*

[Text] The PFP leader, Colin Eglin, says South Africa could learn from Communist China's rural reforms and housing policy. Speaking to reporters in Beijing, Mr Eglin said he has been particularly impressed with the way China tackled its housing problem, and the concern people showed for the environment and quality of life.

Mr Eglin and veteran politician Helen Suzman are South Africa's first parliamentarians to visit China. In her comments, Mrs Suzman said while China was an exclusively egalitarian society, South Africa went to the opposite extreme with a vast gap between rich and poor. However, she said, it was difficult to transfer solutions from one country to another and admitted she knew little of human rights in China.

**Wan Li Meets Congolese Youth Delegation**

*OW110350 Beijing XINHUA in English 1236 GMT  
10 Nov 87*

[Text] Beijing, November 10 (XINHUA)—Chinese Vice-Premier Wan Li met here today a Congolese youth delegation led by Gabriel Oba-Apounou, secretary of the Central Committee of the Congolese Party of Labor and first secretary of the Socialist Youth Union of Congo.

Wan Li, who is a member of the Political Bureau of the Chinese Communist Party Central Committee, expressed the belief that the visit of the delegation would help strengthen friendship and cooperation between the two parties, two countries and youth organizations of China and Congo.

Noting that there exist good relations between the youth organizations of the two countries, Gabriel Oba-Apounou said that the Socialist Youth Union of Congo would make new efforts to further the friendly ties between the two parties and the two countries.

The visitors are in Beijing as guests of the All-China Youth Federation.

## West Europe

### Review of Li Xiannian's Visit to Paris

HK121516 Beijing RENMIN RIBAO in Chinese  
11 Nov 87 p 6

["Newsletter from France" by reporters Ke Yuelin (2688 2588 7207) and Zhang Qihua (1728 0796 5478): "For Peace and Friendship—President Li Xiannian in Paris"]

[Text] On 9 November, Paris, the city that is the embodiment of the French people's knowledge and creativity, greeted a group of guests from China—President Li Xiannian and his entourage. At 1600 local time, President Li's special plane landed at the airport after flying in from the beautiful city of Nice. French President Mitterrand, who was waiting by the ramp, stepped forward to greet President Li. They warmly shook hands and cordially exchanged greetings. Thus, President Li's 4-day visit to Paris began. This is the first official visit by China's president to France, and this is also the first high-level delegation sent to a foreign country by China since the 13th Party Congress. Therefore, the French paid special attention to this visit.

The talks between the Chinese and French leaders were completely successful. President Li conveyed the cordial regards of Chairman Deng Xiaoping and General Secretary Zhao Ziyang to the French leaders, and then he held political talks with President Mitterrand. On 10 November, after a grand reception at the City Hall of Paris, President Li and Prime Minister Chirac discussed issues of mutual interest.

On the morning of 10 November, President Li and his delegation went to the Arc de Triomphe and laid a wreath at the tomb of the unknown soldier. He shook hands with a group of veterans around the tomb. A veteran told the reporters that starting on 11 November 1923, there has been a ceremony at this tomb every evening making the flame brighter in order to express the people's memory of the dead and the people's desire for peace.

When President Mitterrand made his third visit to China in 1983, he said that "the French and Chinese nations share mutual good feelings for each other, and the two nations should better meld their wisdom and ability." Cooperation between the two nations in various fields is of far-reaching significance in safeguarding world peace as well as in promoting the construction of their respective countries. A veteran who held the army flag at the tomb of the unknown soldier told the reporters that he was jailed for 5 years for the cause of peace during the anti-Fascist war. He said, "I do not want to see any war in the world. I believe that your president also hopes for peace." President Li Xiannian's visit reflects the common desires of the leaders and the masses of China and France, and it will certainly be completely successful.

### Li Xiannian Meets Chinese Students in Nice OW120524 Beijing Domestic Service in Mandarin 2230 GMT 8 Nov 87

[Text] On 8 November President Li Xiannian met with Chinese students in Nice, France, and encouraged them to study well and not to waste their time. President Li said: China's prosperity depends upon the young generation. We should definitely respect knowledge and intellect. On the other hand, intellectuals should not forget workers, peasants, and the broad masses of laboring people.

President Li told the Chinese students: The 13th National Party Congress was a meeting to strengthen unity, promote the implementation of the open policy, and uphold the four cardinal principles. It was very successful. In addition, he encouraged these young people to display a spirit of arduous struggle.

### Attends Protocol Signing

OW130541 Beijing XINHUA in English 1851 GMT  
10 Nov 87

[Text] Paris, November 10 (XINHUA) — China and France signed a financial protocol on economic and technological cooperation here today.

The accord calls for the French Government to lend 1.64 billion francs (about 280 million U.S. dollars) to China in 1987 to finance small and medium-sized projects including the expansion of the Beijing party.

The protocol was signed this afternoon at the French Foreign Ministry by Zhang Haoruo, Chinese vice minister of foreign economic relations and trade, and Jean-Claude Triched, director of France's Economic Ministry.

Attending the signing ceremony were visiting Chinese President Li Xiannian and Vice Premier Qiao Shi, and French Prime Minister Jacques Chirac, Foreign Minister Jean-Bernard Raimond and Edouard Balladur, minister of economy, finance and privatization.

### Meets French Parliament Leaders

OW130045 Beijing XINHUA Domestic Service  
in Chinese 0156 GMT 11 Nov 87

[Text] Beijing, 11 Nov (XINHUA)—According to a dispatch from Paris, President Li Xiannian had a meeting with Alain Pohar, president of the French Senate, at his official residence, the little Luxembourg Palace, on the afternoon of 10 November.

Welcoming President Li Xiannian, Pohar said President Li's visit symbolized the development of bilateral relations between China and France. He also briefed Li Xiannian on France's parliamentary system and the way it operates.



Li Xiannian conveyed regards from Deng Xiaoping, Zhao Ziyang, and Peng Zhen to Pohar. Li said it was a pleasure for him to visit France, a friendly country. He said he hoped China and France would work hard together to further promote the existing friendly ties between the two countries.

On the afternoon of 10 November, Li Xiannian also met with Chaban Delmas, president of the national assembly, at the latter's official residence. During the meeting, both sides exchanged views on the current international situation. They maintained that untiring efforts must be made in order to achieve lasting world peace and eliminate the danger of war.

Vice Premier Qiao Shi was present at the two meetings.

**Speaks at Mitterrand's Party**  
*HK131531 Beijing RENMIN RIBAO in Chinese*  
11 Nov 87 p 6

[XINHUA Report: "Li Xiannian's Speech at Welcome Banquet Hosted by Mitterrand"]

[Text] Paris, 10 Nov (XINHUA)—Mr President and Mrs Mitterrand, ladies and gentlemen:

I have brought the Chinese people's sincere feelings and high respect to the French people on my visit to the Republic of France. I feel very happy. On behalf of the Chinese Government and people and on behalf of myself and my wife, I once again extend heartfelt thanks to the president and his wife and to the French government and people.

France is a continental power that carries weight. In modern history, France's extraordinary ideological and cultural achievements and spectacular social reform movement once had a tremendous impact on the civilization of mankind and the progress of history. During World War II, the French people waged a brave struggle to resist aggression and safeguard independence, leaving a glorious page in the history of the anti-Fascist war. In the world of today, with its maintenance of independence, its opposition to the assertion of hegemony by major powers, and its energetic promotion of Western European integration, France has played an important role in maintaining peace and stimulating development.

China and France have shown the same concern over the future of the world and have kept close watch on the development of the situation. We note with delight that forces upholding peace are developing, that factors restraining war are growing, and that the international situation is developing in a direction favorable to the people of the world and to peace. Recently, given the U.S.-Soviet agreement in principle on the elimination of intermediate-range and short-range guided missiles, a certain degree of detente has appeared in relations on both sides. We welcome this. But we should also note that the arms race is still on. Not one of the regional

conflicts has been solved. The world is still not at peace. To realize real detente, all peace-loving countries and people must continue to make persistent efforts. We want to urge the United States and the Soviet Union to take bigger strides along the road to arms reduction, to conduct serious negotiations on a substantial reduction in strategic nuclear weapons and conventional arms and on the elimination of chemical weapons, to conclude agreements that are not detrimental to the interests of other countries as quickly as possible, and to put them into force. We hope that the various quarters concerned will strive for a fair and reasonable settlement of regional conflicts, get rid of "hot spots" at an early date, and stop all acts of aggression, occupation, and intervention against other countries.

Europe is an important force in restraining war and upholding peace. With its destiny now held in its own hands to a greater extent and with its maintenance of peace and stability, Europe will surely make an important contribution to the maintenance of world peace. To this end, we support the Western European integration effort in strengthening itself. We also welcome a trend toward increased exchanges and improved relations between Eastern and Western Europe. The development of friendly relations and cooperation with Europe, including Western and Eastern Europe, is an important component of China's relations with foreign countries.

Peace and development are inseparable. Unless we get rid of global poverty and backwardness, we cannot avoid having turmoil and instability in the world. Improvement in South-North relations and narrowing the South-North gap are necessary to stimulate common prosperity and maintain world peace. Your honorable country's energetic promotion of South-North dialogue and attention to the development of economic relations with Third World countries is a wise and far-sighted policy. We express support for it.

Mr President, France was the first among the Western countries to establish official diplomatic relations with our country. In the 20-odd years since the establishment of Sino-French diplomatic relations, despite changes on the international scene and major changes experienced by our two countries, the relations between the two countries have continued to show steady development. This is chiefly because our two countries have set great store by independence, craved for peace, and sought development. The common points between us far exceed our differences. It can be said that Sino-French relations provide a good example for friendly coexistence between countries with different social systems. In the past few years, Sino-French relations have made marked progress, featured by frequent exchanges of visits between leaders of the two countries, constant political consultations between officials at all levels, and steady growth of economic and technological cooperation and scientific and cultural exchanges. Mr President once said: "The harmonious development of the relations between our two countries naturally calls for deepening

economic, technical, and industrial cooperation, which has already started in many areas." We entirely agree with this view. I think that this is also the common desire of the governments and peoples of our two countries. I believe that with joint efforts, the friendly relations and cooperation between China and France will surely show still greater progress.

Mr President, our country is at present still in the initial stage of socialism. The people of our country are exerting efforts in a struggle to build an affluent, democratic, and civilized socialist modern country. In the past few years, given our bold and steady implementation of overall economic reform and the introduction of a policy of improving conditions at home and opening up to the outside world, our economy has shown sustained and steady development. The people's life has been marked by obvious improvement. Profound changes have come to the features of the state. The recently concluded 13th National CPC Congress summed up in an overall and systematic manner our country's experiences and achievements in 9 years of reform and reaffirmed a series of tried and true fundamental general and specific policies, pointing a clear direction for the further deepening of reform in the days ahead. The new Chinese Communist Party leaders elected at the 13th National Party Congress will certainly continue to implement domestic and foreign policies formulated since the 3d Plenary Session of the 11th CPC Central Committee. To quickly develop social productivity and rid our country of poor development, we must not only accelerate economic reform and open up wider to the outside world, but also introduce political reform in a planned and systematic manner. Deepening reform and opening up wider to the outside world will surely promote China's economic development and create a broader vista for China's economic and technological cooperation with France and other countries.

Mr President, you are an old friend well known to the Chinese people. You went to the trouble of visiting China three times, making an important contribution to the development of Sino-French relations. We sincerely look forward to another visit by Mr President and his wife to China.

This is an unforgettable night. Mr President's hospitality and cordial speech have filled us with the warmth of friendship.

Now let me propose a toast:

To the continuous development of the friendly relations and cooperation between China and France!

To the prosperity of the Republic of France and the happiness of its people!

To the health of Mr President and Mrs Mitterrand!

To the health of all friends present!

### Speaks at Chirac's Luncheon

HK130957 Beijing RENMIN RIBAO in Chinese  
12 Nov 87 p 6

["The Friendship and Cooperation Between China and France Have Achieved Gratifying Development—Li Xiannian's Speech at the Luncheon Hosted by French Prime Minister Chirac"]

[Text] Paris, 11 Nov (XINHUA)—Prime Minister and Mrs Chirac, ladies and gentlemen:

Today, I am very glad to have this opportunity to meet Prime Minister Chirac, an old friend of the Chinese people, and all the friends present here.

Over the past few days, I have been immersed in the warm atmosphere of Sino-French friendship. From the blue coastline of Nice to Paris, the capital, we have been warmly welcomed and well treated. We have deeply felt the warmth and friendliness of the French people.

The friendship between the French and Chinese people is well established and has deep roots and luxuriant leaves. This friendship also goes back to ancient times. In the course of the friendly relations between our two peoples over the centuries, the ancient Chinese civilization has been introduced to France, and many of the important ideological, cultural, and scientific achievements of France have also been introduced to China. This has greatly promoted the economic and cultural development of the two countries. What should be noted is that many of our country's well-known veteran revolutionaries, such as Zhou Enlai, Deng Xiaoping, and so on, once studied in France, where they once explored the path leading toward the vigorous development of China. While in France, these well-known veteran revolutionaries of our country had close associations with the French people, and they and the French people learned from each other and jointly sowed the seeds of Sino-French friendship. The experiences in France of the well-known veteran revolutionaries of our country have been passed on with general approval to the peoples of our two countries.

Mr Prime Minister, when reviewing the traditional friendship between France and China, we cherish deeply the memory of General De Gaulle. As early as the 1960's, General De Gaulle, a statesman of political insight and outstanding courage, cleared away all obstacles and resolutely decided with Chairman Mao Zedong to establish diplomatic relations between France and China and to build the grand bridge of Sino-French friendship. We also deeply cherish the memory of President Georges Pompidou and Premier Zhou Enlai, who continued to make great efforts to promote Sino-French friendship even when they were seriously ill. Their great efforts and contributions to Sino-French relations are indelibly engraved on the memories of the peoples of our two countries.



For the over 20 years since the establishment of diplomatic relations between France and China, traditional Sino-French friendship and the friendly cooperation between France and China have achieved gratifying development. The leaders of the two countries have frequently exchanged visits, and frankly and thoroughly exchanged views on questions of common concern to both countries. Political consultations at all levels have also been often held between the two countries. Both our countries adhere to independent foreign policies of peace and wish to make their respective contributions to the safeguarding of world peace. Our two sides share the same view or have similar views on many major international issues. France was the first Western country to conclude an economic cooperation agreement, a scientific and technological cooperation agreement, and a civil aviation agreement with China. The past two decades have witnessed the expansion of economic and technological cooperation and an increase in the trade volume and cultural exchanges between the two countries. The number of students exchanged between our two countries has also increased. There has also been an increase in the exchanges between the peoples of our two countries and between some regions, provinces, and cities of our two countries. Developing friendly Sino-French relations and cooperation based on equality and mutual benefit not only conforms to the interests of the peoples of our two countries but is also conducive to the safeguarding of world peace. China is willing to make joint efforts with France to bring our bilateral relations to a new and higher level.

Mr Prime Minister, over the past decades, we have always thought about the question of how to build socialism in a country like China, which has a huge population and a poor foundation. On the basis of our past experiences, we have finally found a new way of building socialism by carrying out reform and opening up to the outside world. Reform and opening up to the outside world have greatly pushed forward the development of the productive forces and have brought actual benefits to our people. Therefore, we should not only adhere to the policy of reform and opening up to the outside world but should also accelerate the pace of reform and opening up to the outside world. This is the basic spirit of the recently concluded 13th CPC National Congress.

In order to safeguard world peace and accelerate the pace of construction in our country, China will continue to adhere to its independent foreign policy of peace, continue to develop its friendly relations with the peoples of all countries, and strengthen its economic and technological exchanges with all the countries of the world. We attach great importance to the development of economic and trade relations with France and with other Western countries, and hope that the firms and enterprises of France and other West European countries will increase their competitiveness and achieve more substantial progress in the vast markets of China. Finally, I would like to express my sincere thanks to Mr Prime Minister

for holding this grand luncheon in my honor and for the prime minister's speech, which was full of friendly feelings. I also welcome Mr Prime Minister to visit China at a time convenient to him.

I now propose a toast to:

The continued development of the friendly relations and cooperation between France and China,

The health of Prime Minister Chirac and his wife,

And the health of all the friends present here!

**Speaks on Soviet Ties, Cambodian Issue**  
*OW130808 Beijing XINHUA in English 0710 GMT*  
13 Nov 87

[Text] Paris, November 12 (XINHUA)—China expects closer economic relations with Western Europe, Chinese President Li Xiannian said here today.

"To develop friendly relations with Western Europe constitutes an important part of China's foreign policy," he said in a television interview.

[Words indistinct] the substitution of the party for the government.

"By doing so we will not weaken the party leadership but strengthen it," he added.

Asked whether the reforms carried out by Beijing and Moscow might lead to closer relations between China and the Soviet Union, Li said fundamental problems between the two have not been solved, although there has been some improvement in their trade and economic relations.

In an interview with AFP today, Li said China supports the cause of Prince Samdech Norodom Sihanouk in his efforts to rid Kampuchea of Vietnamese troops. He said Vietnam must pull out of the country.

"This is not only our point of view but also the point of view of Sihanouk, the ASEAN countries and the majority of the countries of the world," he said.

After Vietnam withdraws its troops from Kampuchea, "we hope to see that the Kampuchean people will found an independent, peaceful, neutral and non-aligned country," adding that China supports a coalition government representing different factions, with Sihanouk as its head.

Li arrived here November 9 and leaves for Italy tomorrow.

**Comments on Sihanouk, Congress**  
*AU130922 Paris AFP in English 0242 GMT 13 Nov 87*

[Elisabeth Zingg report]

[Text] Paris, Nov 13 (AFP)—China would like a neutral Cambodia to be "firmly" led by Prince Norodom Sihanouk following the withdrawal of Vietnamese troops from Phnom Penh, Chinese President Li Xiannian said here Thursday at the close of an official visit to France.

President Li, who is generally considered to be one of China's more conservative leaders, also told *Agence France-Presse* that the political reforms under consideration in post-Mao China were intended to "strengthen rather than loosen" the hold of the Chinese Communist Party.

Former Cambodian monarch Prince Sihanouk, who was also in Paris Thursday, "should not be a puppet for any country whatsoever", Mr Li said.

"Once the Vietnamese troops leave Cambodia (...), the Cambodian Government should be placed firmly under the leadership of Prince Sihanouk", he said.

He said China would "respect the Prince's decision" as to whether the Prince should hold a meeting in Paris with the leader of the pro-Vietnamese government in Phnom Penh, Hun Sen, before the end of the year.

"It will be up to the Cambodian people themselves to solve their internal problems to build an independent, peaceful, democratic, neutral and non-aligned country once the Vietnamese have pulled out", he continued.

However Mr Li ruled out any possibility that the present pro-Vietnamese government could form a "leading force" in any future Cambodian government. "Also I don't think it would be a solution to have the Khmer Rouge exercising power on their own", he added.

On internal Chinese affairs, Mr Li said he was "satisfied" with the outcome of the 13th Party Congress which ended on November 3, despite "misunderstandings" which arose "among certain of China's friends who think that China is going to change its political system and go over to capitalism".

"That's completely wrong", he said, stressing that China should "stick to socialism".

Describing the political reforms under consideration in Beijing, notably the separation of powers — hotly debated during the recent congress — between the party and the administration, Mr Li said there as a "supreme principle: that the separation of powers must strengthen rather than weaken the leadership of the party".

He added: "In the past, the party involved itself in too many things, too concretely. There were matters that the party dealt with which were really the job of the administration".

The 78-year-old president, who recently resigned his party position on account of his age, also cited the promotion of younger party cadres as a major political reform.

"I'm making way for people younger than myself", Mr Li told *Agence France-Presse*, glancing half-jokingly at deputy Prime Minister Qiao Shi, who was also present at the interview. Mr Qiao, at 63, is considered one of the rising stars in Beijing, having recently become one of the party's five principle leaders.

Mr Li added that "in order to reform political structures, you have to explore". Deliberately or otherwise, he used the word "tansuo", one of the key slogans used by protagonists of the brief democratic flowering in the "Beijing Spring" of 1978-1979.

The Chinese president was completing an official four-day visit to France during which he met French leaders and visited French tourist sites.

On Tuesday, China and France signed a protocol worth 747 million francs (133 million dollars) under which Paris is to finance three industrial projects in China and Beijing will buy medical supplies from France.

**Leaves Paris for Rome**  
*AU131005 Paris AFP in English 0951 GMT 13 Nov 87*

[Text] Paris, Nov 13 (AFP)—Chinese President Li Xiannian left here Friday for Rome following a four-day official visit to France, the first by a Chinese head of state.

Mr Li, 78, who is to retire next spring, held talks with French leaders, including President Francois Mitterrand and Prime Minister Jacques Chirac, on international and bilateral matters, and visited several tourist sites in Paris and a farm near the capital, following an earlier stop-over in Nice, on the Riviera.

On Tuesday, Chinese and French officials signed a protocol worth 747 million francs (133 million dollars) under which Paris is to finance three industrial projects in China, and Beijing will buy medical supplies from France.

Mr Li was accompanied by his wife, Lin Jiamei, and Deputy Prime Minister Qiao Shi, 63, who is considered one of the rising stars in Beijing, having recently become one of the party's five principal leaders.



In Rome, Mr Li will be the official guest of Italian President Francesco Cossiga with whom he will spend Friday. The Italian President will be accompanied by Foreign Minister Giulio Andreotti.

On Saturday, the Chinese President is to meet with Prime Minister Giovanni Goria to discuss political and economic matters. Following his three-day visit to Italy, Mr Li will also tour Luxembourg and Belgium.

### West Europe

#### Review of Li Xiannian's Visit to Paris

HK121516 Beijing RENMIN RIBAO in Chinese  
11 Nov 87 p 6

["Newsletter from France" by reporters Ke Yuelin (2688 2588 7207) and Zhang Qihua (1728 0796 5478): "For Peace and Friendship—President Li Xiannian in Paris"]

[Text] On 9 November, Paris, the city that is the embodiment of the French people's knowledge and creativity, greeted a group of guests from China—President Li Xiannian and his entourage. At 1600 local time, President Li's special plane landed at the airport after flying in from the beautiful city of Nice. French President Mitterrand, who was waiting by the ramp, stepped forward to greet President Li. They warmly shook hands and cordially exchanged greetings. Thus, President Li's 4-day visit to Paris began. This is the first official visit by China's president to France, and this is also the first high-level delegation sent to a foreign country by China since the 13th Party Congress. Therefore, the French paid special attention to this visit.

The talks between the Chinese and French leaders were completely successful. President Li conveyed the cordial regards of Chairman Deng Xiaoping and General Secretary Zhao Ziyang to the French leaders, and then he held political talks with President Mitterrand. On 10 November, after a grand reception at the City Hall of Paris, President Li and Prime Minister Chirac discussed issues of mutual interest.

On the morning of 10 November, President Li and his delegation went to the Arc de Triomphe and laid a wreath at the tomb of the unknown soldier. He shook hands with a group of veterans around the tomb. A veteran told the reporters that starting on 11 November 1923, there has been a ceremony at this tomb every evening making the flame brighter in order to express the people's memory of the dead and the people's desire for peace.

When President Mitterrand made his third visit to China in 1983, he said that "the French and Chinese nations share mutual good feelings for each other, and the two nations should better meld their wisdom and ability." Cooperation between the two nations in various fields is of far-reaching significance in safeguarding world peace

as well as in promoting the construction of their respective countries. A veteran who held the army flag at the tomb of the unknown soldier told the reporters that he was jailed for 5 years for the cause of peace during the anti-Fascist war. He said, "I do not want to see any war in the world. I believe that your president also hopes for peace." President Li Xiannian's visit reflects the common desires of the leaders and the masses of China and France, and it will certainly be completely successful.

#### Li Xiannian Meets Chinese Students in Nice

OW120524 Beijing Domestic Service in Mandarin  
2230 GMT 8 Nov 87

[Text] On 8 November President Li Xiannian met with Chinese students in Nice, France, and encouraged them to study well and not to waste their time. President Li said: China's prosperity depends upon the young generation. We should definitely respect knowledge and intellect. On the other hand, intellectuals should not forget workers, peasants, and the broad masses of laboring people.

President Li told the Chinese students: The 13th National Party Congress was a meeting to strengthen unity, promote the implementation of the open policy, and uphold the four cardinal principles. It was very successful. In addition, he encouraged these young people to display a spirit of arduous struggle.

#### Attends Protocol Signing

OW130541 Beijing XINHUA in English 1851 GMT  
10 Nov 87

[Text] Paris, November 10 (XINHUA) — China and France signed a financial protocol on economic and technological cooperation here today.

The accord calls for the French Government to lend 1.64 billion francs (about 280 million U.S. dollars) to China in 1987 to finance small and medium-sized projects including the expansion of the Beijing party.

The protocol was signed this afternoon at the French Foreign Ministry by Zhang Haoruo, Chinese vice minister of foreign economic relations and trade, and Jean-Claude Triched, director of France's Economic Ministry.

Attending the signing ceremony were visiting Chinese President Li Xiannian and Vice Premier Qiao Shi, and French Prime Minister Jacques Chirac, Foreign Minister Jean-Bernard Raimond and Edouard Balladur, minister of economy, finance and privatization.

**Meets French Parliament Leaders**  
*OW130045 Beijing XINHUA Domestic Service  
in Chinese 0156 GMT 11 Nov 87*

[Text] Beijing, 11 Nov (XINHUA)—According to a dispatch from Paris, President Li Xiannian had a meeting with Alain Pohar, president of the French Senate, at his official residence, the little Luxembourg Palace, on the afternoon of 10 November.

Welcoming President Li Xiannian, Pohar said President Li's visit symbolized the development of bilateral relations between China and France. He also briefed Li Xiannian on France's parliamentary system and the way it operates.

Li Xiannian conveyed regards from Deng Xiaoping, Zhao Ziyang, and Peng Zhen to Pohar. Li said it was a pleasure for him to visit France, a friendly country. He said he hoped China and France would work hard together to further promote the existing friendly ties between the two countries.

On the afternoon of 10 November, Li Xiannian also met with Chaban Delmas, president of the national assembly, at the latter's official residence. During the meeting, both sides exchanged views on the current international situation. They maintained that untiring efforts must be made in order to achieve lasting world peace and eliminate the danger of war.

Vice Premier Qiao Shi was present at the two meetings.

**Speaks at Mitterrand's Party**  
*HK131531 Beijing RENMIN RIBAO in Chinese  
11 Nov 87 p 6*

[XINHUA Report: "Li Xiannian's Speech at Welcome Banquet Hosted by Mitterrand"]

[Text] Paris, 10 Nov (XINHUA)—Mr President and Mrs Mitterrand, ladies and gentlemen:

I have brought the Chinese people's sincere feelings and high respect to the French people on my visit to the Republic of France. I feel very happy. On behalf of the Chinese Government and people and on behalf of myself and my wife, I once again extend heartfelt thanks to the president and his wife and to the French government and people.

France is a continental power that carries weight. In modern history, France's extraordinary ideological and cultural achievements and spectacular social reform movement once had a tremendous impact on the civilization of mankind and the progress of history. During World War II, the French people waged a brave struggle to resist aggression and safeguard independence, leaving a glorious page in the history of the anti-Fascist war. In the world of today, with its maintenance of independence, its opposition to the assertion of hegemony by

major powers, and its energetic promotion of Western European integration, France has played an important role in maintaining peace and stimulating development.

China and France have shown the same concern over the future of the world and have kept close watch on the development of the situation. We note with delight that forces upholding peace are developing, that factors restraining war are growing, and that the international situation is developing in a direction favorable to the people of the world and to peace. Recently, given the U.S.-Soviet agreement in principle on the elimination of intermediate-range and short-range guided missiles, a certain degree of detente has appeared in relations on both sides. We welcome this. But we should also note that the arms race is still on. Not one of the regional conflicts has been solved. The world is still not at peace. To realize real detente, all peace-loving countries and people must continue to make persistent efforts. We want to urge the United States and the Soviet Union to take bigger strides along the road to arms reduction, to conduct serious negotiations on a substantial reduction in strategic nuclear weapons and conventional arms and on the elimination of chemical weapons, to conclude agreements that are not detrimental to the interests of other countries as quickly as possible, and to put them into force. We hope that the various quarters concerned will strive for a fair and reasonable settlement of regional conflicts, get rid of "hot spots" at an early date, and stop all acts of aggression, occupation, and intervention against other countries.

Europe is an important force in restraining war and upholding peace. With its destiny now held in its own hands to a greater extent and with its maintenance of peace and stability, Europe will surely make an important contribution to the maintenance of world peace. To this end, we support the Western European integration effort in strengthening itself. We also welcome a trend toward increased exchanges and improved relations between Eastern and Western Europe. The development of friendly relations and cooperation with Europe, including Western and Eastern Europe, is an important component of China's relations with foreign countries.

Peace and development are inseparable. Unless we get rid of global poverty and backwardness, we cannot avoid having turmoil and instability in the world. Improvement in South-North relations and narrowing the South-North gap are necessary to stimulate common prosperity and maintain world peace. Your honorable country's energetic promotion of South-North dialogue and attention to the development of economic relations with Third World countries is a wise and far-sighted policy. We express support for it.

Mr President, France was the first among the Western countries to establish official diplomatic relations with our country. In the 20-odd years since the establishment of Sino-French diplomatic relations, despite changes on the international scene and major changes experienced

by our two countries, the relations between the two countries have continued to show steady development. This is chiefly because our two countries have set great store by independence, craved for peace, and sought development. The common points between us far exceed our differences. It can be said that Sino-French relations provide a good example for friendly coexistence between countries with different social systems. In the past few years, Sino-French relations have made marked progress, featured by frequent exchanges of visits between leaders of the two countries, constant political consultations between officials at all levels, and steady growth of economic and technological cooperation and scientific and cultural exchanges. Mr President once said: "The harmonious development of the relations between our two countries naturally calls for deepening economic, technical, and industrial cooperation, which has already started in many areas." We entirely agree with this view. I think that this is also the common desire of the governments and peoples of our two countries. I believe that with joint efforts, the friendly relations and cooperation between China and France will surely show still greater progress.

Mr President, our country is at present still in the initial stage of socialism. The people of our country are exerting efforts in a struggle to build an affluent, democratic, and civilized socialist modern country. In the past few years, given our bold and steady implementation of overall economic reform and the introduction of a policy of improving conditions at home and opening up to the outside world, our economy has shown sustained and steady development. The people's life has been marked by obvious improvement. Profound changes have come to the features of the state. The recently concluded 13th National CPC Congress summed up in an overall and systematic manner our country's experiences and achievements in 9 years of reform and reaffirmed a series of tried and true fundamental general and specific policies, pointing a clear direction for the further deepening of reform in the days ahead. The new Chinese Communist Party leaders elected at the 13th National Party Congress will certainly continue to implement domestic and foreign policies formulated since the 3d Plenary Session of the 11th CPC Central Committee. To quickly develop social productivity and rid our country of poor development, we must not only accelerate economic reform and open up wider to the outside world, but also introduce political reform in a planned and systematic manner. Deepening reform and opening up wider to the outside world will surely promote China's economic development and create a broader vista for China's economic and technological cooperation with France and other countries.

Mr President, you are an old friend well known to the Chinese people. You went to the trouble of visiting China three times, making an important contribution to the development of Sino-French relations. We sincerely look forward to another visit by Mr President and his wife to China.

This is an unforgettable night. Mr President's hospitality and cordial speech have filled us with the warmth of friendship.

Now let me propose a toast:

To the continuous development of the friendly relations and cooperation between China and France!

To the prosperity of the Republic of France and the happiness of its people!

To the health of Mr President and Mrs Mitterrand!

To the health of all friends present!

#### **Speaks at Chirac's Luncheon**

HK130957 Beijing RENMIN RIBAO in Chinese  
12 Nov 87 p 6

["The Friendship and Cooperation Between China and France Have Achieved Gratifying Development—Li Xiannian's Speech at the Luncheon Hosted by French Prime Minister Chirac"]

[Text] Paris, 11 Nov (XINHUA)—Prime Minister and Mrs Chirac, ladies and gentlemen:

Today, I am very glad to have this opportunity to meet Prime Minister Chirac, an old friend of the Chinese people, and all the friends present here.

Over the past few days, I have been immersed in the warm atmosphere of Sino-French friendship. From the blue coastline of Nice to Paris, the capital, we have been warmly welcomed and well treated. We have deeply felt the warmth and friendliness of the French people.

The friendship between the French and Chinese people is well established and has deep roots and luxuriant leaves. This friendship also goes back to ancient times. In the course of the friendly relations between our two peoples over the centuries, the ancient Chinese civilization has been introduced to France, and many of the important ideological, cultural, and scientific achievements of France have also been introduced to China. This has greatly promoted the economic and cultural development of the two countries. What should be noted is that many of our country's well-known veteran revolutionaries, such as Zhou Enlai, Deng Xiaoping, and so on, once studied in France, where they once explored the path leading toward the vigorous development of China. While in France, these well-known veteran revolutionaries of our country had close associations with the French people, and they and the French people learned from each other and jointly sowed the seeds of Sino-French friendship. The experiences in France of the well-known veteran revolutionaries of our country have been passed on with general approval to the peoples of our two countries.



Mr Prime Minister, when reviewing the traditional friendship between France and China, we cherish deeply the memory of General De Gaulle. As early as the 1960's, General De Gaulle, a statesman of political insight and outstanding courage, cleared away all obstacles and resolutely decided with Chairman Mao Zedong to establish diplomatic relations between France and China and to build the grand bridge of Sino-French friendship. We also deeply cherish the memory of President Georges Pompidou and Premier Zhou Enlai, who continued to make great efforts to promote Sino-French friendship even when they were seriously ill. Their great efforts and contributions to Sino-French relations are indelibly engraved on the memories of the peoples of our two countries.

For the over 20 years since the establishment of diplomatic relations between France and China, traditional Sino-French friendship and the friendly cooperation between France and China have achieved gratifying development. The leaders of the two countries have frequently exchanged visits, and frankly and thoroughly exchanged views on questions of common concern to both countries. Political consultations at all levels have also been often held between the two countries. Both our countries adhere to independent foreign policies of peace and wish to make their respective contributions to the safeguarding of world peace. Our two sides share the same view or have similar views on many major international issues. France was the first Western country to conclude an economic cooperation agreement, a scientific and technological cooperation agreement, and a civil aviation agreement with China. The past two decades have witnessed the expansion of economic and technological cooperation and an increase in the trade volume and cultural exchanges between the two countries. The number of students exchanged between our two countries has also increased. There has also been an increase in the exchanges between the peoples of our two countries and between some regions, provinces, and cities of our two countries. Developing friendly Sino-French relations and cooperation based on equality and mutual benefit not only conforms to the interests of the peoples of our two countries but is also conducive to the safeguarding of world peace. China is willing to make joint efforts with France to bring our bilateral relations to a new and higher level.

Mr Prime Minister, over the past decades, we have always thought about the question of how to build socialism in a country like China, which has a huge population and a poor foundation. On the basis of our past experiences, we have finally found a new way of building socialism by carrying out reform and opening up to the outside world. Reform and opening up to the outside world have greatly pushed forward the development of the productive forces and have brought actual benefits to our people. Therefore, we should not only adhere to the policy of reform and opening up to the outside world but should also accelerate the pace of

reform and opening up to the outside world. This is the basic spirit of the recently concluded 13th CPC National Congress.

In order to safeguard world peace and accelerate the pace of construction in our country, China will continue to adhere to its independent foreign policy of peace, continue to develop its friendly relations with the peoples of all countries, and strengthen its economic and technological exchanges with all the countries of the world. We attach great importance to the development of economic and trade relations with France and with other Western countries, and hope that the firms and enterprises of France and other West European countries will increase their competitiveness and achieve more substantial progress in the vast markets of China. Finally, I would like to express my sincere thanks to Mr Prime Minister for holding this grand luncheon in my honor and for the prime minister's speech, which was full of friendly feelings. I also welcome Mr Prime Minister to visit China at a time convenient to him.

I now propose a toast to:

The continued development of the friendly relations and cooperation between France and China,

The health of Prime Minister Chirac and his wife,

And the health of all the friends present here!

**Speaks on Soviet Ties, Cambodian Issue**  
OW130808 Beijing XINHUA in English 0710 GMT  
13 Nov 87

[Text] Paris, November 12 (XINHUA)—China expects closer economic relations with Western Europe, Chinese President Li Xiannian said here today.

"To develop friendly relations with Western Europe constitutes an important part of China's foreign policy," he said in a television interview.

[Words indistinct] the substitution of the party for the government.

"By doing so we will not weaken the party leadership but strengthen it," he added.

Asked whether the reforms carried out by Beijing and Moscow might lead to closer relations between China and the Soviet Union, Li said fundamental problems between the two have not been solved, although there has been some improvement in their trade and economic relations.

In an interview with AFP today, Li said China supports the cause of Prince Samdech Norodom Sihanouk in his efforts to rid Kampuchea of Vietnamese troops. He said Vietnam must pull out of the country.

"This is not only our point of view but also the point of view of Sihanouk, the ASEAN countries and the majority of the countries of the world," he said.

After Vietnam withdraws its troops from Kampuchea, "we hope to see that the Kampuchean people will found an independent, peaceful, neutral and non-aligned country," adding that China supports a coalition government representing different factions, with Sihanouk as its head.

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Former Cambodian monarch Prince Sihanouk, who was also in Paris Thursday, "should not be a puppet for any country whatsoever", Mr Li said.

"Once the Vietnamese troops leave Cambodia (...), the Cambodian Government should be placed firmly under the leadership of Prince Sihanouk", he said.

He said China would "respect the Prince's decision" as to whether the Prince should hold a meeting in Paris with the leader of the pro-Vietnamese government in Phnom Penh, Hun Sen, before the end of the year.

"It will be up to the Cambodian people themselves to solve their internal problems to build an independent, peaceful, democratic, neutral and non-aligned country once the Vietnamese have pulled out", he continued.

However Mr Li ruled out any possibility that the present pro-Vietnamese government could form a "leading force" in any future Cambodian government. "Also I don't think it would be a solution to have the Khmer Rouge exercising power on their own", he added.

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"That's completely wrong", he said, stressing that China should "stick to socialism".

Describing the political reforms under consideration in Beijing, notably the separation of powers — hotly debated during the recent congress — between the party and the administration, Mr Li said there as a "supreme principle: that the separation of powers must strengthen rather than weaken the leadership of the party".

He added: "In the past, the party involved itself in too many things, too concretely. There were matters that the party dealt with which were really the job of the administration".

The 78-year-old president, who recently resigned his party position on account of his age, also cited the promotion of younger party cadres as a major political reform.

"I'm making way for people younger than myself", Mr Li told *Agence France-Presse*, glancing half-jokingly at deputy Prime Minister Qiao Shi, who was also present at the interview. Mr Qiao, at 63, is considered one of the rising stars in Beijing, having recently become one of the party's five principle leaders.

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Mr Li, 78, who is to retire next spring, held talks with French leaders, including President Francois Mitterrand and Prime Minister Jacques Chirac, on international

and bilateral matters, and visited several tourist sites in Paris and a farm near the capital, following an earlier stop-over in Nice, on the Riviera.

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Mr Li was accompanied by his wife, Lin Jiamei, and Deputy Prime Minister Qiao Shi, 63, who is considered one of the rising stars in Beijing, having recently become one of the party's five principal leaders.

In Rome, Mr Li will be the official guest of Italian President Francesco Cossiga with whom he will spend Friday. The Italian President will be accompanied by Foreign Minister Giulio Andreotti.

On Saturday, the Chinese President is to meet with Prime Minister Giovanni Goria to discuss political and economic matters. Following his three-day visit to Italy, Mr Li will also tour Luxembourg and Belgium.

**Orzechowski Comments on Beijing Talks**  
*LD122151 Warsaw PAP in English 1835 GMT*  
12 Nov 87

[By PAP correspondent Jerzy Bajer]

[Text] Beijing, Nov. 12—Continuing his official visit to China, PUWP CC [Polish United Workers Party Central Committee] Political Bureau member, Poland's Minister of Foreign Affairs Marian Orzechowski, was received here today by the chairman of the standing committee of the National People's Congress (Chinese Parliament), Peng Zhen.

Orzechowski and Peng Zhen exchanged views concerning experiences stemming from the course of revolutionary processes under way in Poland, China and other socialist countries against the background of theory and practice of Marxism-Leninism and socialist building.

Referring to Orzechowski's talks with Chinese Communist Party [CCP] CC general secretary, China's Premier Zhao Ziyang and CCP CC Political Bureau member, China's Foreign Minister Wu Xueqian, the sides were at one to confirm their will for a dynamic and comprehensive development of Polish-Chinese relations and pointed to the role played in their shaping by inter-parliamentary exchange.

Orzechowski expressed recognition for the attainments of the recently concluded 13th CCP congress and also success gained by people's China in the process of socialist building and for the programme of

reforms, stressing that they consolidate the premises leading to the tightening of bilateral relations and comprehensive Polish-Chinese cooperation.

On the same day, Minister Marian Orzechowski met with Polish and Chinese newsmen at a press conference. In a statement delivered at the beginning of the meeting, Orzechowski said that Polish and Chinese nations were linked by common ideals and goals of socialist construction, concern about the preserving of peace worldwide and many-year traditions of friendship and cooperation.

The meetings I held with General Secretary of the Chinese Communist Party and Premier of the State Council Zhao Ziyang, and Foreign Affairs Minister Wu Xueqian confirmed the will of the two parties and governments to intensively develop the bilateral relations in the interest of the two nations, for the good of socialism and peace, Minister Orzechowski said. He also expressed satisfaction at the fact that the stands of the two sides on key international issues were identical or very close.

Minister Orzechowski said that despite different historical conditions, Poland and China sought and introduced deep economic and political changes to match their needs at the current stage of socialism building.

While answering the questions, Orzechowski presented in detail the guidelines for the 2nd stage of the economic reform. He added in this context that every country was motivated by its own determinants and experiences in socialism building which could not be interfered in. Hence, Poland has also its own model of socialism, he said.

Next, Minister Orzechowski left Beijing for Shanghai where he met with Mayor Jiang Zemin and other representatives of local party and state authorities. At Poland's general consulate, Orzechowski met with Poles on diplomatic and other missions in Shanghai.

**Zhao Meets Yugoslav Journalists**  
*AU101312 Belgrade POLITIKA in Serbo-Croatian*  
3 Nov 87 p 3

[Borko Gvozdenovic report: "Zhao Ziyang General Secretary"]

[Excerpts] Beijing, 2 Nov—This afternoon, at the first plenary session of the Central Committee at the 13th CPC Congress, Zhao Ziyang, acting general secretary since Hu Yaobang's resignation in January this year, was elected new general secretary of the CPC Central Committee, as has been expected for some time. [passage omitted]

Meeting With Yugoslav Journalists [subhead]



Meeting a group of Yugoslav journalists, Zhao Ziyang said: "China is on the road to reform, as is your country. China is different from other countries from sociological and historical points of view, and therefore our implementation of reforms will require a long period of time. This is because we are only now solving problems that capitalist countries solved long ago. I am referring to the production of goods, socialization, and modernization. These issues are addressed in my speech, and I regard them as key future tasks. I am convinced that all socialist countries are seeking the optimal synthesis of the general principles of Marxism, Leninism, and their own realities. We can discuss the experiences of others, but we cannot copy each other. Our optimal solution is not necessarily optimal for others. I wish your country success in implementing reform."

Zhao also wished "success in reform" to journalists from the USSR.

Answering the question asked by some journalists about whether everything has been resolved at the congress and whether there have been any differences in opinion, Zhao Ziyang said that in a party with over 40 million members it would be impossible not to have some differing views. "This could occur even among five of us," he said and added: "But when we reach an agreement, then we have agreed." In his opinion journalists are very wrong when they talk about reformists and conservatives in the Chinese leadership. [passage omitted]

**LIAOWANG Notes Congress Personnel Changes**  
*HK101308 Hong Kong LIAOWANG OVERSEAS*  
*EDITION in Chinese No 45, 9 Nov 87, p 1*

[Letter from Beijing by Bao Xin (7637 0207): "On Personnel Arrangements at the 13th Congress"]

[Text] My brother:

Many people at home and abroad have interest in and pay special attention to the personnel arrangements made by the 13th CPC National Congress. Here I would like to tell you something I have learned about this issue.

The most important personnel change made by the party congress was the withdrawal of Deng Xiaoping and other leaders of the older generation from the CPC central leadership. This was the result of Deng Xiaoping's persuasion of other party leaders over the past year.

More than 1 year ago, Deng Xiaoping, Li Xiannian, and Chen Yun, three top party leaders of the older generation, agreed that they would all retire from the Central Committee at the 13th Party Congress and that the retirement would be complete and they would not hold any official position. This was discussed by other party leaders for more than 1 year. Deng Xiaoping again and again persuaded other leaders to accept their decision. As a result, people finally agreed on the "half-retirement" of these three veteran leaders at the 13th Party Congress. That is, they will not remain in the Central Committee, the Political Bureau, or the Standing Committee of the Political Bureau, but each of them will continue to take charge of an organization. Today, the new Central Committee decided to appoint Deng Xiaoping chairman of the Central Military Commission and appoint Chen Yun chairman of the Central Advisory Commission.

In my view, Deng Xiaoping's move is of far-reaching significance:

First, the rejuvenation of the ranks of the cadres is the only guarantee for maintaining the vigor of the party and state leading organs and maintaining the continuity and stability of the party's policies. If the old leaders do not retire from the Central Committee today, new leaders will not be able to rise to the key positions and gain necessary experience. When the old cadres become too senile to continue their work, this seriously affects the handling of the party and state affairs. Therefore, it is understandable that this time, such veteran leaders as Deng Xiaoping, Li Xiannian, Chen Yun, Peng Zhen, Deng Yingchao, Xu Xiangqian, and Nie Rongzhen all retired from the central committee.

Second, this is what has to be done to eliminate the de facto system of leaders holding life tenure. For the CPC, this is a matter brooking no delay. In fact, the party has delayed necessary actions in this regard. Deng Xiaoping put forth this issue at the beginning of the 1980's. At that

time, he said that he would not like to hold such positions as party chairman or party general secretary. He played an exemplary role in rejuvenating the ranks of party cadres.

Third, it is also understandable that Deng Xiaoping now only holds the position of Central Military Commission chairman. This is because the army must be led by a weighty personage, and at present, Deng Xiaoping has more prestige than anyone else.

Fourth, as all people know, since the 3d Plenary Session of the 11th CPC Central Committee, China's construction and the Chinese people's livelihood have made substantial progress, and this should be mainly attributed to the correct line formed by that Central Committee plenary session. Deng Xiaoping played a major role in formulating and developing this correct line. Therefore, Deng Xiaoping's leading position in the party and his role as a general designer for China's reform and modernization are acknowledged by the whole world. His withdrawal from the Central Committee will certainly have a far-reaching influence on China's future efforts to make the average age of cadres young. In the future, China will certainly make greater strides toward the goal of rejuvenating its ranks of cadres.

Fifth, Deng Xiaoping enjoyed extremely high prestige inside the CPC and among the 1 billion Chinese people. Even though he is no longer a leading member of the CPC Central Committee, I believe that China's policies will certainly remain unchanged. This is because, first, the central leaders elected by the 13th Party Congress are all active executors of the party's line and policies since the third plenary session; and second, although Deng Xiaoping is not a leading member of the CPC Central Committee, his position and influence in the party and in the nation will not change. All the people will continue to regard him as the general designer of China's reform, opening up, and socialist modernization. In fact, he will certainly continue to play this role. This veteran revolutionary who has fought for more than 60 years for the Chinese people's cause has mutual affinity with all Chinese people. After retiring from the CPC Central Committee, he will certainly continue to play a role in the development of the Chinese nation.

In short, this recent move of Deng Xiaoping and other leaders of the older generation to retire from the Central Committee fully demonstrates their great foresight and lofty ideal. This action can only be beneficial and will not affect China's domestic and foreign policy. You can just set your mind at ease.

**Changes in CPC Economic Thought Viewed**  
*HK101511 Hong Kong LIAOWANG OVERSEAS*  
*EDITION in Chinese No 44, 2 Nov 87 pp 10-11*

[Article by Li Shiyi (2621 0013 5030): "Epoch-Making Changes in the Economic Thought of the CPC"]

[Text] Zhao Ziyang, acting general secretary of the CPC Central Committee, made a work report at the 13th CPC National Congress systematically explaining the CPC's

new thought on economic development. The report will be put into effect as a programmatic document after being discussed by the congress.

People in economic circles here have noted that this document has provided theoretical answers for reforms and opening up to the world over the last 9 years and has pointed out the direction for deepening reforms.

#### Devoting Efforts to Emancipating the Productive Forces [subhead]

Over the last 9 years of reforms and opening up to the world, the CPC has made considerable progress in developing the social productive forces. According to the State Statistical Bureau, the GNP amounted to 938 billion yuan in 1986, a 100 percent increase over 1978, and the total increase was 1,193.8 billion yuan in 8 years, whereas the increase during the 30 years before reforms registered only 684.6 billion yuan. The gross industrial and agricultural output value amounted to 1,520.7 billion yuan in 1986, a 160 percent increase over 1978, and the total increase was 950 billion yuan in 8 years, whereas the increase during the 30 years before registered only 560 billion yuan. During the 30 years before 1978, the national income increased at an annual rate of barely 10 billion yuan, whereas it increased at an annual rate of 38.5 billion yuan from 1979 to 1986. Last year, the gross state budgetary and ex-budgetary financial resources amounted to 385.4 billion yuan, a 150 percent increase over 1978. China's industrial production ranks fifth in the world, after the United States, the Soviet Union, Japan, and the FRG. Its cotton and cement output ranks first in the world, its raw coal output second, its sulfuric acid and chemical fertilizer output third, its steel output fourth, and its crude oil output and electricity generation fifth.

The progress in the productive forces can be seen from the improvement of economic results and labor productivity. During the 26 years from 1953 to 1978, the labor productivity of material production departments throughout the country increased at annual rate of 3.5 percent, whereas it increased at an annual rate of 5.9 percent during the 8 years from 1979 to 1986. The national income obtained in consuming each ton of energy in 1986 was 781 yuan, whereas the national income obtained per ton of energy consumed in 1978 was 567 yuan.

These facts indicate that over the last 9 years of reforms, China's economic strength has developed at the fastest rate since the founding of New China.

People will probably ask why China's social productive forces have developed so fast over the last 9 years.

The question of how to develop the productive forces remained unsolved for a long time in the past. In the late 1950's, the CPC began to use various methods to speed up the development of the economy, including the

"Great Leap Forward," in which millions of people went up the mountains to engage in iron and steel production under the slogan of "overtaking Britain and catching up with the United States." After this method failed, attempts were made "to raise the level of public ownership on the basis of economic backwardness." Some people thought the the more public the nature of ownership of capital goods the better, and the larger the scale of production the better. Thus economic sectors under private ownership were turned into economic sectors under collective ownership and economic sectors under collective ownership were turned into economic sectors under all-people ownership. After this practice met with a serious setback, the slogan of "taking class struggle as the key link" was put forward and mass criticism was conducted throughout the country to "bring about large-scale action in production." As a result, an economic depression occurred, which led the national economy to the brink of collapse in the late 1970's.

After summing up its experience over the last 30 years, the CPC came to understand that the main factor hampering the development of the social productive forces was the rigid economic structure, which had dampened the initiative, enthusiasm, and creativeness of the millions and brought about stagnation in the economy. It was under these circumstances that the policy of reforms and opening up to the world was put forward.

As emphatically pointed out by the CPC, poverty is not socialism, all the "leftist" practices should be discarded, and the party's work focus should be shifted from class struggle to economic construction. At the national congress, the CPC pointed out: The fundamental task of socialism is to develop the social productive forces; to get rid of poverty and backwardness in particular, all work should focus on developing the productive forces, and whether an action is beneficial to developing the productive forces should be taken as a criterion for judging all work. Apart from this, a development strategy suited to the national conditions should be formulated so that China can take its own road.

#### Confirming the Historical Position of the Commodity Economy [subhead]

Nine years ago, the mentality that prevailed in the economic operational mechanism was this: The socialist economy could only be a planned economy that operated under planned regulation, whereas regulation by market mechanism was of a capitalist nature and should be discarded.

This economic mentality seriously affected the economic life throughout the country. Although there was great progress in China's economy after 30 years of effort, the self-contained natural economy and the product economy still accounted for a very large percentage. By 1978, the commodity rate of agricultural products was only 45.2 percent, most of the capital goods for industrial



production were still distributed under planned allocation, commodity exchange was overlooked, the circulation of commodities in society was seriously hampered, and there was no nationwide market system.

Rural economic reform started in 1978 and made a breakthrough in the above spheres. The 800 million peasants began to engage in commodity production and demanded exchanges at equal value between agricultural products and urban industrial products. In 1984, the 3d Plenary Session of the 12th CPC Central Committee drew up a decision on economic structural reform explicitly pointing out the necessity to practice a planned commodity economy. This was a breakthrough.

Over the last 9 years, the scope of the state mandatory plan has been reducing and the percentage of the state guidance plan and regulation by market mechanism has been increasing. By 1986, the types of industrial products produced under the mandatory plan fell from 127 to 60, and the proportion of their output value to the gross industrial output value dropped from 40 percent to around 20 percent. There are now consumer products markets throughout the country. Industrial products, which in the past were under state procurement, are now placed under commercial purchase plans, which allow selective purchases and free marketing by enterprises. The percentage of free marketing by enterprises is increasing, and two-thirds of industrial products were sold through free marketing last year. During the same period, the types of state-allocated materials reduced from 259 to 26. Two-thirds of the raw materials used by enterprises are purchased from the market, and only one-third is allocated by the state. Various types of production factor markets throughout the country, such as the capital market, the labor service market, the technology market, and the capital goods markets, are very brisk.

The rapid development of the commodity economy has given impetus to the reform of the circulation structure and produced a great change in this structure. According to the State Statistical Bureau, the total retail sales volume of social products throughout the country increased at an annual rate of 15.5 percent from 1978 to 1986, whereas it increased at an annual rate of only 6.9 percent during the 30 years before 1978. Last year, the total retail sales volume of social products throughout the country amounted to 495 billion yuan, an increase of 220 percent over 1978. Purchases and sales in urban and rural markets have been very good over the last few years, and unprecedented prosperity has been witnessed.

In the past economic concept, there was no legal position for the commodity economy. Although commodity production was allowed, it was looked upon as a "non-essential economic sector." Many people inside and outside the party engaged in endless debates over commodity production in the course of reforms and opening up to the world during the last 9 years. At the national congress, the CPC reiterated that the full development of

the commodity economy is a period that cannot be skipped over in the development of the socialist economy and that it is a necessary condition for economic modernization. The CPC also stressed the necessity to develop the planned commodity economy on the basis of public ownership. It drew up policies and principles on how to speed up the establishment and development of a socialist market system.

#### No Demand for Perfection Has Been Made in Terms of Ownership [subhead]

Another major change in China's economic life over the last 9 years of reforms and opening up to the world, is that a variety of economic sectors have emerged besides the economy under public ownership. The proportion of industrial enterprises under ownership by the whole people throughout the country has dropped from 80.8 percent to 68.7 percent; the proportion of industrial enterprises under collective ownership has risen from 19.2 percent to 29.2 percent; urban and rural industrial enterprises have developed and account for 0.3 percent; joint ventures and foreign-capitalized enterprises have developed rapidly and account for 1.8 percent. In addition, in the vast rural areas, small industrial enterprises run by the peasants have also developed and last year their output value increased by 480 percent over that of 9 years ago. In the circulation sphere, the proportion of the retail sales volume of state-run and collective commercial enterprises throughout the country to the total retail sales volume of social products has dropped from 39.4 percent to 36.4 percent, and that of jointly run and individual commercial enterprises has risen from 2.1 percent to 24.2 percent.

Such an economic situation was not allowed to exist in the past. During the period before reforms and opening up to the world, the CPC paid much attention to economic sectors under ownership by the whole people, belittled economic sectors under collective ownership, and kept aside economic sectors under individual ownership. All this gave rise to a rigid ownership structure. As pointed out by some economists, the introduction of ownership by the whole people in the form of state ownership resulted in a situation in which the ownership structure was "large in size, public in nature, but empty in content." By "empty," it means that the income of any individual among the whole people is not related to such ownership, nor is it related to the increase and decrease in capital goods under public ownership. As a result, people did not care much about public ownership. Therefore, how to encourage laborers to concern themselves with capital goods under public ownership and with the ascent and descent of economic sectors under public ownership is a major issue the CPC is trying to solve.

Over the last few years, taking account of the imbalance in economic development between urban and rural areas as well as between different regions, the CPC, apart from allowing the development of various economic sectors,

has introduced a number of reforms to state-run enterprises, which include streamlining administration, delegating powers to the lower levels, granting enterprises more autonomy, implementing the system of contracted responsibility for enterprise operation characterized by the separation of ownership from operational rights, allowing state-owned enterprises to be run by individuals, carrying out the hiring system and the shareholding system in small industrial and commercial enterprises, and putting up at auction loss-incurring small industrial and commercial enterprises.

These socioeconomic practices have smashed the concept that prevailed in the past, that is, socialism means public ownership plus distribution according to work. The CPC pointed out at the national congress the necessity of continuing to develop various ownership forms while taking public ownership as the main factor. It further pointed out that the number of economic sectors under ownership systems other than public ownership is too small. Cooperative economic sectors under urban and rural joint management, individual economic sectors, and privately run economic sectors should be encouraged to develop.

#### A Variety of Distribution Forms [subhead]

Following the increase in ownership and operational forms, egalitarianism is enjoying less and less support from the people and a variety of ownership forms are emerging.

This change took place first in the rural areas and then in cities. After obtaining operational autonomy, the income of the 800 million peasants began to differ as a result of operational quality. Urban individual traders began to have other sources of income apart from operational earnings. With the introduction of urban economic reform, the distribution form in state enterprises began to change and the practice of "everybody eating from the same big pot" began to be phased out throughout the country. Now four-fifths of the 400,000 state enterprises throughout the country are reforming their distribution system, and the most popular reform method is linking the income of their staff and workers to their economic results. Over 95 percent of the 1 million collective and township enterprises throughout the country are introducing over a dozen distribution forms including the floating wage system, the contract profit retention system, and the piecework payment system. Reform of the distribution system has brought into play the initiative of the workers, because they can earn more if they work better and will get less if they do less, whereas in the past they obtained the same regardless of quantity and quality of work.

What merits particular attention is that apart from work remuneration, other types of income have emerged following the implementation of the policy of reforms and opening up to the world. Some types of income are legal and some are illegal, and those that are illegal must

be banned. What about the legal ones? Should they be recognized? These legal types of income include the following: Income obtained from production carried out under legal conditions, such as income from medium- and long-term investments made by some peasants in contracting for land and profit earned from private investments in factories and farms; and income from legal exploitation, such as income from investments by foreign capitalists and income from hiring labor. People differ in their opinions on this problem. What is the correct approach, after all?

At the national congress, the CPC explicitly announced a number of distribution forms and the policy for correct distribution. Among other things, the policy provides that apart from payment issued in line with the system of distribution according to work and income obtained from individual labor, other earnings such as interest on bonds, share dividends, and profits from contracting for enterprise operation should be recognized so long as they are legal.

#### Emphasis Is Laid on Chinese Characteristics [subhead]

Over the last 9 years of reforms and opening up to the world, China's economic life has changed the most and the CPC's economic thought has been at its liveliest. It will take much time and effort to make a detailed comment on these changes. However, a careful study of the 13th CPC Congress document will enable us to easily discover that all these changes have originated from one basic thought as pointed out by Deng Xiaoping, that is, building socialism with Chinese characteristics.

In other words, China will carry out socialist modernization in the light of its national conditions instead of copying others' experience. Insofar as the socialist economy is concerned, is it only when an economy is formed after the Soviet pattern that it is a socialist economy? Is it only when an economy is formed in the mode worked out by Marx that it is a socialist economy? Copying and transplanting during the 30 years before reforms and opening up to the world hampered China from breaking away from traditional concepts in establishing its economic thought. The 3d Plenary Session of the 11th CPC Central Committee removed all these practices and affirmed that the socialist economic system may take various forms because of different national conditions. Subsequently, the CPC led the 1 billion people in removing the shortcomings of rigid structures, thereby giving an impetus to the economic life throughout the country.

At that time, some people in the Western world who did not know much about the changes in China commented that the CPC was practicing capitalism and abandoning socialism. Facts have proved that they were wrong. A review of the CPC's analysis of China's national conditions and of the development stage the country is now in



will enable people to understand better that the CPC is taking its own socialist road and that many new ideas, new concepts, and new practices are emerging and beginning to bear fruit.

**Speeches by PLA Delegates on Zhao's Report**  
*HK120941 Beijing JIEFANGJUN BAO in Chinese*  
1 Nov 87 p 1

["Straighten Out Party Style, Ensure the Smooth Carrying Out of Reform and Opening Up—Excerpts From Speeches by PLA Delegates to the 13th CPC National Congress on Zhao Ziyang's Report"]

[Text] Delegate Wu Xiuquan [0063 0208 2938]: I would like to deal with the issue of party style. Everyone has shortcomings and makes mistakes, but nobody should make the excuse that "pure gold and the perfect man have never existed"; old comrades should play an exemplary role in overcoming unhealthy tendencies. If they succeed in doing so, they will lead the middle-aged and young cadres. Old cadres should never intervene in work arrangements for their children. When some comrades build houses, they even take their grandchildren into consideration, and that is bad; we should never pass down a bad style to our children. If we delegates, old comrades in particular, can play an exemplary role, our party will have good prospects. The masses have complained about our party style. Someone said: "You communists are skilled in 'singing,' but not very good at 'action.'" This statement carries weight, and we must always bear it in mind.

Delegates Cao Dazhao [2580 1129 6856], Li Gaoyong [2621 7559 6978], Tan Gongping [6009 0361 1627], Kong Yuan [1313 0626], and Mo Wenhua [5459 2529 7520]: What the masses talk about most at present are the issues of prices and party style. Regarding party style, the results are not satisfactory, even though the central authorities have paid great attention to it and some measures have been adopted. Things cannot be easily done without establishing connections and going through the back door. In recent years, many demobilized cadres have failed to find suitable posts without first establishing connections. The phenomenon of abusing power in personnel arrangement also exists in the Army. The lack of a solid style and the phenomenon of being skilled in "singing," but not very good at "action" are universal. To set right the party style, first it is necessary to genuinely understand ideologically that this is a life-and-death matter for the party; second, it is necessary to make complete and perfect the organizational life system throughout the party, and to strengthen party control over its cadres; and third, it is necessary to do a good job of inner-party supervision in a down-to-earth way, strengthening supervision over senior party cadres in particular. It is imperative to shape a sound atmosphere, in which the whole party grasps party style and every party member takes the lead in rectifying party style.

Delegates Huang Cisheng [7806 2945 0524], Wu Quanxu [0702 6898 0650], Guo Xizhang [6753 69332 4545], and Wang Wenhui [3769 2429 1920]: Party style is a major issue that has a bearing on the success or failure of the undertakings of reform and opening up. At present, people are "nodding approval" at reform and opening up, but "shaking" their heads in disappointment at party style. Therefore, it is imperative to adopt firm and resolute measures regarding the problems in party style. Unhealthy party style results in the people turning away from the party, and that can be very dangerous. To settle the problems in party style, the most basic point is to set up the necessary institutions, and to overcome the mentality of making comparisons with each other.

Delegate Wang Shilin [3769 0013 7792]: To do a good job in party building is the guarantee for implementing the party basic line during the new historical period. Party style and the quality of party members have a direct bearing on whether our party's goal will be fulfilled. Every party member should have a sense of his own responsibility. Our primary task is to educate party members to firmly grasp the core and the two basic points, to become one with the Central Committee politically, and to implement and carry out the party line with creativity. In the course of reform and opening up, the new and old structures overlap as one replaces the other, and various economic forms coexist; however, our laws and policies are not complete and perfect enough. Under such circumstances, party members should "close the loopholes," not take advantages of them in seeking personal gain. I am doing logistics work, which involves economic work in the Army, taking charge of money and materials, and has a thousand and one economic ties with the localities; "opportunities" are many for seeking personal gain with one's control over money and materials. Individual party members have failed to stand the test, and have become corrupt and degenerate. Once they are discovered, we shall deal with their cases resolutely, in accordance with party discipline. Money and materials serve the four modernizations, and we should never allow a handful of people to fatten their own purses with them. If leadership at all levels is bold in grasping party style, and every party member works hard at it, beginning with himself, our party will be able to stand the test of the new historical period and take up the great responsibility of leading the reforms.

Delegate Zhang Xiaode [1728 1321 1795]: In wartime, political workers had an unfailingly successful method, namely, calling upon party members to stand forth in bitter struggle. To be the first to bear hardships and the last to enjoy pleasure, to be at the forefront in charging the enemy and at the rear in case of retreat used to be the basic requirements on party members. In times of hardship and difficulties, we were able to overcome powerful enemies, both domestic and alien, and to win victory in the revolution by relying on a good party, one serving the people heart and soul with an upright style. Now the party is leading the people of the whole nation to build



socialism with Chinese characteristics, and a good party style is a must. Party members must play an exemplary role, high-ranking party cadres in particular; this is the key to party building. To grasp party style well, it is necessary to rely on political and ideological work, as well as strict laws and regulations and iron discipline. We should never show leniency toward those violating the law and discipline.

Based on my personal experience in a leading post, grasping party style over the years, I have found that grasping party style well is as important as it is difficult to achieve. Anyone in power who is determined to grasp party style well must first stand the tests in three aspects. First, it is necessary to stand the test regarding his own dependents. Those in power were overthrown during the "Great Cultural Revolution," and likewise, their dependents suffered. Now that their power is restored, it seems reasonable for their dependents to gain some advantages. But I personally believe such a practice goes beyond the principles of party discipline, because the power is entrusted to them by the party and the people, so that those in power might plan for the benefit of the party and the people. They must have the courage to think of the benefit of the people before those of their dependents and relatives. The second test is the connection network. The connection network, well-woven by former superiors and subordinates, old friends and acquaintances, often becomes the source of unhealthy tendencies. The third test is showing no fear of offending others. Some people are always currying favor with the leadership, while pursuing personal fame or gain. We must guard against such people, and show no fear of offending them. If one can stand the tests in these fields, one will be very straight in grasping party style.

Delegates Cao Fansheng [2580 5338 3932] and Li Guangsheng [2621 1639 3932]: Our party must stand the tests of being in power, as well as of reform and opening up. Therefore, strengthening the building of party style and continuously waging struggles against all sorts of negative and decadent phenomena are imperative. At present there is much talk and complaint about the indulgence in good food and drinking in society; that is of course a problem. But we should not confine problems of party style to extravagance at the banqueting table. What the masses complain of most are first, the appointment of people through favoritism, the lack of fairness and uprightness regarding such matters, the pursuit of sectarian practices, and also intervention in the appointment of one's own dependents, friends, and relatives; second, bureaucratism, characterized by being far removed from the masses and realities, not finding out about the situation of the people, nor caring about their life; and third, turning a deaf ear to repeated orders and instructions from the party Central Committee, while persisting in one's old ways. If these problems should remain unsolved, the coherence of the party, as well as of the Army, will be affected. To grasp party style building, it is imperative to be strict in controlling the party. In bringing the party under control in a comprehensive

way, it is first necessary to start with leading cadres, as well as party committees, with each upper level grasping the level immediately below it. At the same time, it is necessary to set up the party-life meeting system, to bring forward inner-party democracy, and to accept supervision by the masses.

Delegates Wei Jinshan [7614 6855 1472] and Liu Youfa [0491 0654 3127]: The unhealthy tendencies injuring party style at present mainly take the forms of abusing power and bureaucratism characterized by grave irresponsibility. Why do unhealthy tendencies keep occurring despite repeated corrections? An important cause is the low quality of party members. Some leading cadres who are party members have failed to stand the tests of reform and opening up, and those of power and money. Some even go so far as to say "we would be missing the opportunity if we should fail to obtain some benefits," and have entirely forgotten the party program. To set right party style, it is first necessary to step up education in party spirit and discipline, to adhere to strictly controlling the party, to strengthen inner-party supervision and supervision between members of party committees, and supervision of discipline inspection committees over party committees at the same level and their members; in addition, it is also necessary to mobilize all functional departments and the masses to carry out supervision. We should have close-knit supervision at all levels, from the top to the grass roots, so that every cadre who is a party member, senior cadres in particular, may be placed under inner-party supervision and consciously play an exemplary role in rectifying party style. It is imperative, regarding those corrupt elements who have ruined the party's reputation and the party and the people's cause, to adopt the principle of resolute purging to ensure the purity of party organizations.

Delegate Xu Lefu [6079 2867 1133]: The rectification of party style involves strict supervision and organizations at higher levels supervising those at lower levels, and vice versa. The masses should be allowed to supervise the party leading cadres. Without supervision, the problems of those pursuing unhealthy tendencies will grow serious, and they will even become corrupt elements. The prerequisite for the implementation of supervision is giving full play to democracy. Now the masses are bold at airing their views, but they are not so free in their public expression as in private. Why so? They are afraid of their remarks being recorded, and of being attacked out of revenge one day. Therefore, without a democratic system as a guarantee, the implementation of supervision will be impossible. Regarding party organizations at all levels, anyone who corrupts the party style and violates party discipline will not be tolerated, senior or ordinary cadre alike, whether he has an influential background or not, and his case will be seriously dealt with, so that the principle of equality before party discipline may be genuinely embodied. Only then will party discipline be stern and impartial, with everyone convinced of its solemnity.

Delegate Lan Baojing [5695 0202 2529]: In his Work Report, Comrade Zhao Ziyang mentioned that our party should stand two tests, namely, the test of being the party in power and the test of reform and opening up. He has pinpointed the heart of the matter. To stand these two tests, the key lies in strengthening party building, the building of ideological style in particular. In my opinion, to strengthen the party building in ideological style involves the solutions to the following issues:

First, strengthening education in the party's basic line in the initial stage of socialism. It is necessary to unify the ideology and actions of the whole party on the basis of the party's basic line, so that party members and cadres may focus their attention on, and work for the major undertakings of the party, rather than their own personal gain.

Second, strengthening the ideological education of party members, including leading cadres at all levels. The focus of education should be on the solution to the issue that every party member should act in strict accordance with the required standards for party members. A tendency to compare ourselves with others exists at present, in which low standards instead of high ones are set. As a result, big problems become small, and small problems become no problem. In the course of comparison, one feels more and more depressed at suffering personal losses and at the unfairness of it all. Such comparison will end in eliminating the boundary between right and wrong, as well as in abandoning the required standards for party members. That is a negative trend. It is necessary for us to educate party members in how not to confuse themselves with the ordinary masses, but to act in accordance with the required standards for party members in overcoming such negative trends.

Third, leading cadres at all levels should play an exemplary and vanguard role. The masses form their image of the Communist Party primarily through the party leadership at all levels. It is impossible to realize the targets of struggle proposed by the 13th CPC National Congress without a good party style.

Therefore, leadership at all levels must have a clear idea of the importance of rectifying party style and of their historical responsibility in terms of the smooth implementation of the spirit of the 13th National CPC Congress. Today, everybody acknowledges problems exist in party style, but in action everyone drifts along with the tide. Under such circumstances, it is all the more necessary for leadership at all levels to play an exemplary role.

**CPC, State Council Advocate Cadres' Transfer**  
*OW130331 Beijing XINHUA Domestic Service*  
*in Chinese 1226 GMT 10 Nov 87*

[Text] Beijing, 10 Nov (XINHUA)—The General Offices of the CPC Central Committee and the State Council recently issued a circular in connection with the distribution of the "opinion concerning restructuring of

cadres and transferring them to departments of political and judicial affairs, taxation, industry and commerce administration, and banking and insurance," which was prepared by the Organization Department of the CPC Central Committee and the Ministry of Labor and Personnel. The circular calls on all-level party committees and governments to exercise effective leadership over restructuring cadres and to ensure a good job in transferring them to the political and judicial affairs and other departments.

Along with the deepening of China's socialist modernization drive and economic structural reform, it has become more and more pressing to restructure cadres to strengthen the political and judicial affairs, comprehensive management, and economic supervisory and regulating departments. To this end, the Party Central Committee and the State Council have decided to increase some 500,000 cadres in these departments within this year and next year. The cadres will mainly come from other departments through readjustment. The circular says: The restructuring of cadres is a long-term task to meet the demand for deepening the economic structural reform, and it is an important component of the reform of organizations and cadres' personnel system. The current transferring of cadres to the political and judicial affairs and other departments is only the first step in the restructuring of cadres. Along with the progress of reform, the work will unfold in all fields.

The opinion of the Organization Department of the CPC Central Committee and the Ministry of Labor and Personnel concerning restructuring of cadres says: Cadres should be transferred, or selected for transfer in a planned manner and through diverse forms. It is necessary to ensure the fulfillment of mandatory transfer plans assigned by higher authorities. To ease the restructuring, support and approval should be given to cadres on regular payroll who volunteer to work at the political and judicial affairs, taxation, and other departments, as long as these cadres are qualified and the transfer is reasonable. Recruitment of new cadres from society should be restricted. Where difficulty really exists in transferring cadres through restructuring those on regular payroll, grass roots units at and below the county level that are subordinated to some departments should be allowed to recruit, after restructuring, a small number of new cadres. Cadres transferred to the political and judicial affairs and other departments through restructuring of party, government, and mass organizations and some institutions should consist at least 30 percent of the total number of increased cadres, while newly recruited cadres should not be over 20 percent of the total number of the increase. All provinces, autonomous regions, and municipalities may set the percentages of increased cadres in accordance with actual situation in restructuring cadres in their subordinate localities and departments provided that the above-mentioned stipulations are observed.

The guiding principles for restructuring cadres are: retrenching specialized economic management departments to strengthen political and judicial affairs and



economic supervisory and regulating departments by making overall arrangements and guaranteeing priority needs of the political and judicial affairs and taxation departments; persistently combining restructuring with control in order to restrict the increase of the total number of cadres.

To restrict personnel growth of party and government organizations, the size of organization and personnel of specialized economic management departments from which cadres are to be transferred shall be scaled down. Especially the size of departments whose functions are being changed shall be reduced by a bigger margin, and their total payroll and administrative expenses shall be retrenched accordingly. Units with oversized personnel should not replenish cadres transferred to other units.

In selecting cadres for transferring, it is necessary to guarantee their political integrity, especially the political integrity of cadres to be transferred to political and judicial affairs departments; and no unified qualifications should be set as far as age and education are concerned. In recruiting personnel from the community, it is necessary to give priority to graduates of "the five categories of universities", college graduates who paid their own tuition and commuted to school, and graduates of vocational senior middle schools, and relevant regulations should be strictly observed as far as the methods, qualifications, and reviewing and approving procedures for the recruitment are concerned. Where conditions exist, the system of engagement should be introduced. The departments with increased cadres should conduct training for both transferred and newly recruited personnel before they assume their jobs.

**Ma Hong Supports Political Structural Reform**  
*HK131240 Beijing GUANGMING RIBAO in Chinese*  
29 Oct 87 pp 1, 3

[Article by Bao Xiaolin (0545 7197 2651): "Political Structural Reform Is for the Sake of Further Development of Social Productive Forces—Ma Hong, General Director of State Council Economic and Social Development Research Center, Answers Reporter's Questions"]

[Text] Question: At the 13th CPC National Congress, reform of the political structure was put forth as an important item on the agenda. Can you say something about the significance of this reform?

Answer: I have not made special efforts in the study of reform of the political structure. In my opinion, since there must be a suitable economic structure for the socialist economy, there must also be a suitable political structure to ensure the normal operation of the economic structure. In theory, this conforms to the basic principles of Marxism. In practice, our reform of the economic structure has been carried out for 9 years, and reform of the political structure has also been carried out to a

certain extent. However, the further advance of reform of the economic structure cannot be achieved without the coordination of reform of the political structure.

Question: What are the characteristics of China's reform of the political structure?

Answer: We must realize that China's reform of the political structure, just as reform of the economic structure, is also a self-perfection of the socialist system. Thus, it will be carried out from top to bottom in an organized way, step by step, and under leadership. The method of political movement and the so-called "great democracy" will not be adopted. Meanwhile, it will be closely linked with reform of the economic structure, and its ultimate purpose is to promote the development of social productive forces.

Question: Separation of party and government functions is one of the important tasks of reform of the political structure. Can you say something about this?

Answer: Since Comrade Xiaoping said party and government functions should be separated, we have often heard people asking: Will the separation of party and government functions weaken the party leadership? As a matter of fact, this worry is uncalled-for. The separation of party and government functions will not weaken party leadership but, on the contrary, will strengthen it. The key is that we must firmly establish the concept that the party should take care of its own business, rather than regarding the party taking care of all administrative work as a concrete expression of party leadership.

Question: There are two problems at present: 1) since separating party and government functions, the role of party organizations in some enterprises has actually been weakened and the party's ideological and political work has been ignored to a certain extent; 2) the personal income of some lessees and contractors is much higher than the comrades doing party work in the same unit, which has raised some new contradictions. How should we look at these problems?

Answer: On the first problem, the main thing is that the leaders of those units still have not gained a good understanding of reform of the leadership system. Since they have not straightened out their own thinking, they are unable to do the party's work well. In this connection, there is also a question of habit. In the past, the party was also in charge of money and materials. Now that such matters are not taken care of by the party, some comrades feel strange. As to the second problem, since competition and bids are encouraged in leasing and contract, anyone who is capable of doing the job can make a bid for it. This is an equal opportunity for all. It is not stipulated that people engaging in the party's work cannot take part in the bids. Since the contractors are bearing risks in order to get remuneration, they should certainly gain more. In the past, people usually thought that since the party secretary and plant director were



doing the same work, they should receive the same pay. Some even held that the party secretary should get more pay because his position was higher than the latter. This is an old concept, a traditional concept.

**Question:** It seems that a very important task for reform of the political structure is to change the old concepts in people's thinking.

**Answer:** Quite true. To really change the old concepts, it is necessary to conscientiously study the central authorities' decisions on reform and relevant documents on reform of the leadership system in enterprises. We must also publicize the advantages of separating party and government functions and point out the disadvantages of not doing so. I wrote an article some years ago to analyze the defects of substituting party leadership for government administration in enterprises, in which I listed its defects: 1) it is harmful to strengthening the party's leadership over the ideological and political work in enterprises; 2) it is harmful to exploiting the role of plant directors in carrying out unified leadership and cannot meet the objective demand of socialized grand production; 3) it is harmful to the practice of democratic management; 4) it is harmful to giving play to the role of experts; 5) it is harmful to strengthening the legal system and perfecting the responsibility system; and 6) it is harmful to promoting transregional and transdepartmental combination in accordance with the objective economic laws. Whence the defects? A very important reason is that the functions of the party organization and those of economic organizations, which are entirely different in nature, are mixed up. The problem of not differentiating between party leadership and government administration is especially notable in our country. In the Soviet Union and the East European countries, the system of plant directors assuming full responsibility in production has always been carried out, and the party committees there only play a role of supervision. Just after liberation, in China's northeast area, we also tried to follow the Soviet example and practiced the system of plant directors assuming full responsibility in production for several years. But this system was negated some years later. The Eighth CPC National Congress decided to implement the system of plants director assuming full responsibility in production under the leadership of the party committee. Of course, the Eighth CPC National Congress was a very successful congress, which worked out a correct line and many correct policies, but in my opinion, it made a mistake on this question. After that, in every political movement, such as the anti-rightist struggle and the struggle against right opportunism, this system was further strengthened. Finally, anyone who complained about it was regarded as one who opposed party leadership. This is the reason why the confusion of party and government functions became deeply rooted in the people's thinking. Comrade Ziyang pointed out recently: Only by separating party functions from the role of the government can we strengthen and improve party leadership. I feel that only thus can the party take

better care of its own business. For example, it can help the enterprises, in a more objective position, solve and mediate in the contradictions among various interest groups.

**Question:** Many comrades proposed introducing the mechanism of competition into cadre management. What do you think about this?

**Answer:** As a matter of fact, we have already done so in some fields. The most realistic methods in this respect include the contract responsibility system now being carried out in enterprises and the competitive-bidding system. Through these measures, the mechanism of competition has begun to play its role in enterprises. In my opinion, this can also be done in institutions. For example, in order to successfully carry out the system of recruitment by invitation and appointment, it is necessary to introduce the mechanism of competition. In other words, if you are not really qualified, you will surely not be recruited. In this connection, there is also a question of free movement of talented people. Since this recruitment system is open to society rather than being limited to a certain unit, there also exists the question of whether another unit will let its employees go. This problem must also be solved. At present, the system of department ownership is being implemented in the matter of using people, that is, when a person is employed by a certain unit, he or she naturally becomes a part of the private property of this unit. How can we give full play to his or her role in this way? Therefore, only when the mechanism of competition is introduced can this problem be solved, can the people's initiative be aroused, and can the role of experts be brought into full play.

**Question:** Can you say something about the criteria for judging whether the political structural reform is successful?

**Answer:** Reform of the political structure is not only for the sake of reform, but is aimed at promoting the operation of the economic structure and the development of productive forces. Therefore, to judge whether the political structural reform is successful, the most important thing is to see whether it is conducive to the development of productive forces. Reform of the economic structure has a direct bearing on productive forces, but reform of the political structure can play its role only through some intermediate links. In my opinion, the future of political structural reform is bright. It will bring about great changes in China's political, economic, and other fields. However, we must realize that the tasks are very arduous. The reform will become more and more difficult when it is further developed in depth. We must strengthen our resolution in carrying out reform of the political structure and, on the other hand, must steer a cautious course, because it is a complicated and pioneering project.

**Gu Mu on Running Foreign-Funded Enterprises**  
*OW130347 Beijing Domestic Service in Mandarin*  
*1030 GMT 4 Nov 87*

[Text] Gu Mu, state councillor, said in Beijing yesterday that the recent crashes in Western stock markets did not affect joint ventures, cooperative enterprises, or wholly foreign-owned ones in China very much because these enterprises are tied to our independent economic system. Stock crashes will not affect China's continued efforts to use foreign capital.

A frank and cordial atmosphere prevailed at the closing ceremony of the national conference for exchanging experiences of foreign-funded enterprises yesterday afternoon. It was a sharp departure from the previous boring situation where the leaders made reports and the conferees heard reports. The meeting turned into an interesting direct communication.

State Councillor Gu Mu showed great interest in joining hundreds of conferees in exploring the development of joint ventures, cooperative enterprises or wholly foreign-owned ones in China.

A representative of Fujian Provincial Commission for Foreign Economic Relations and Trade said to Comrade Gu Mu: In some localities, the system for managing foreign capital has yet to be completely straightened out, and the situation still exists where too many departments are dealing with foreign firms and policies are defined by too many sources. Comrade Gu Mu said: We should exercise more effective leadership in this area. All localities should have a major leader handle this task. Through reform of the management system and structure, we should deal with foreign firms through one channel. The problem of too many departments dealing with foreign firms and policies being defined by too many sources should be solved. Otherwise, foreign firms will be confused and will hesitate to come again.

Some representatives said: Now in some joint ventures, the appointments and removals of general managers of the Chinese side are decided by the board of directors in name, but, in reality, they are decided by the departments in charge at a higher level without the approval of the board of directors. The general managers are transferred at will, giving people a sense of insecurity. Comrade Gu Mu said: This is against the law. Comrade Zhao Ziyang has repeatedly stressed that joint ventures, cooperative enterprises, or wholly foreign-owned ones should be given considerable self-decision powers. If board directors and managers are transferred at will, who else will dare to run joint ventures with you?

Comrade Gu Mu added: We should consider it an important matter to appoint cadres for joint ventures, cooperative enterprises, or wholly foreign-owned ones. Capable and knowledgeable comrades should be appointed to these enterprises. Board directors should truly know what they are doing. He stressed: In the

future, transfer of cadres in these enterprises should be approved by the board of directors. It should not be done in a casual manner. This is a principle. Comrade Gu Mu told the conferees that, from now on, China will speed up the work of using foreign capital, especially in coastal cities. He disclosed that Guangdong Province will further open up and enjoy greater self-decision powers in using foreign funds. It will speed up its work to meet the requirements for reform set by the 13th CPC National Congress.

**'Double-Tightening' Policy To Be Implemented**  
*HK100443 Shanghai SHIJIE JINGJI DAOBAO*  
*in Chinese 26 Oct 87 p 6*

[Article by Wu Qiang (0702 1730) of the Central Fiscal and Financial Affairs Institute: "Questions To Note for the Fiscal and Monetary 'Double-Tightening' To Be Introduced Next Year"]

[Text] The central authorities have decided to tighten the control over financial expenditure and credit and implement the "double-tightening" policy beginning next year. I think that as far as the overall situation of our country is concerned, in order to prevent the social demand from expanding to an uncontrollable level, it is quite necessary and feasible to implement the fiscal and monetary "double-tightening" policy. However, in order to successfully implement the fiscal and monetary "double-tightening" policy next year and successfully implement our country's future fiscal and monetary policies, we must pay attention to the following questions:

First, no matter whether they are to be eased or tightened, the fiscal and monetary policies should be maintained at a relatively stable level. The fiscal and monetary policies of all the developed countries in the world are relatively stable and moderate. In our country, because our fiscal and monetary policies lack a good microscopic basis, our country lacks a market mechanism to coordinate the close relationship between the social production and the social demand; our financial policies lack an "internal stabilization mechanism"; and our monetary policies lack a diversified fiscal and monetary trading and organization process that relies on an advanced financial market and that is capable of dispersing and weakening the impact and pressure caused by the currency purchasing power on the economy and the society as a result of the state tightening or relaxing the fiscal and monetary policies. This situation has made the results of tightening or relaxing fiscal and monetary policies felt keenly, like a spasm. Therefore, to maintain the state fiscal and monetary policies at a relatively stable level is of utmost importance.

Second, the implementation of the fiscal and monetary policies must be accompanied by the implementation of a series of other policies, especially the policy on establishing a microeconomic basis for the economic operation. In our country, although the level of production and the level of supply are affected by the level of supply



and the level of demand, what really affects the level of production and the level of supply is not supply, but the restrictions caused by the structural shortage of such resources as energy, communications, and so on. Although the fiscal and monetary policies also affect the level of supply, they mainly affect the level of demand. The state industrial policies mainly affect the level of supply. Moreover, some problems still exist in the fiscal and monetary systems of our country, so our country's fiscal and monetary policies and measures still need to be improved and perfected. This situation will inevitably affect the actual results of the implementation of the fiscal and monetary policies, which must be accompanied by the implementation of a series of other policies. In order to successfully implement the fiscal and monetary policies, we should also have a good economic and monetary environment and a sound microeconomic basis. Although we can implement the "double-tightening" policy next year, we should have a far-sighted view in order to fundamentally solve the problems caused by the expansion mechanism of our fiscal and monetary structures to deepen the reform of our fiscal and monetary structures.

Third, the "double-tightening" fiscal and monetary policy is an overall economic tightening policy aimed at curbing the serious inflation and preventing our country's financial resources from being exhausted. It is true that such an overall "double-tightening" policy is seldom implemented elsewhere in the world except under very exceptional circumstances. Our country implemented such a policy only during the economic readjustment period in the 1960's. Therefore, I think that since the present social and economic situation of our country is different from that during the economic readjustment period in the 1960's, it is inappropriate for the state to implement the "double-tightening" policy aimed at tightening the overall fiscal and monetary expenditures of our country. The reasons are: 1) The further reform of the economic structure and the growth and expansion of the market mechanism need the material backing formed by the development of production and the expansion of circulation. We should therefore do what we can to guarantee the normal supply of monetary funds. 2) In order to realize steady growth of industrial and agricultural production, guarantee the necessary capital construction, and create more employment opportunities, we should guarantee the rational supply of funds. 3) We need more funds to raise the utilization rate of the production resources of enterprises and update the equipment and technologies of enterprises. 4) At present, over 80 percent of the circulating funds of the enterprises are bank loans. Enterprises only retain a small amount of funds or simply retain no funds. To tighten control over credit funds will result in a lack of the circulating funds needed for the simple reproduction of enterprises. The rise of prices and wages will only make the state ease its control over the money market. 5) Along with the rise of our country's financial position, the monetary policies will certainly help to strengthen the state's macroeconomic regulation and control over the national economy.

However, the compensation, flexibility, and periodicity of finance can play a more effective role than the state's financial policies. We should therefore properly relax our monetary policies in order to stimulate economic development and growth. Since the socialist economic structure is characterized by total social demand exceeding total social supply, we cannot adopt totally relaxed policies. Instead, we should, on the basis of maintaining the balance between total social supply and total social demand, do everything possible to organically integrate the stable and tightened fiscal policies with the relatively relaxed monetary policies.

**General Trend of Rural Economic Changes**  
*HK120851 Beijing RENMIN RIBAO in Chinese*  
8 Nov 87 pp 1, 2

[Article by Gao Hongbi (7559 7703 6333) and Liu Yunzhou (0491 0336 3166): "Poverty, We Declare War Against You—General Trend of Economic Changes in China's Countryside (Part Three)"]

[Text] Poverty at any time in any place should be cursed. Poverty gives rise to a desire for change, because poverty cannot be endured.

There is no telling how many generations of Chinese people have been burdened with the oppression of the word "poverty," and no telling how many people with lofty ideals have risen in resistance and indignation! Not including far distant history, which revolution in modern times has not been at the same time a declaration of war on poverty?

At the very outset, socialism declared war on the system of exploitation and also on poverty. "Poverty does not represent socialism!" In the early 1980's great men of the Chinese Revolution resolutely inscribed these words on the socialist banner. The great cause of reform and modernization today is a declaration of war to ultimately remove poverty from the 9.6 million square kilometers of the country's land.

The curtain has been raised on economic development in our country's poverty-ridden areas against such a brand-new historical background.

Reform Has Brought Simultaneous Economic Improvement in Eastern and Western Areas, but the Much Greater Development in the East Has Made the Poverty in the West a Matter of Greater Urgency.... [subhead]

Reform has caused a large reduction in poverty in China.

From 1978 to 1986, our rural per capita income rose from 134 yuan to 424 yuan, an increase of more than double.



In 1986, the state took an annual per capita income of less than 150 yuan as the basic standard for determining poverty-ridden counties. Even this figure exceeded the level of income for all the countryside in 1978.

History surprised us with a big leap forward within 8 years. But in the glow of happiness we should also take note of the following: As far as the outside world is concerned, among the nations of the world, ours is still a low-income country. On the domestic front there are still roughly 100 million low-income people, and 30 or 40 million underfed and ill-clad people.

It seems like a movement to create plots of land: some areas and enterprises develop towering and mountainous, and some rise as highlands. In reform, poverty-ridden areas have also shown gratifying progress. But compared with economically developed areas, they still display a widening gap. According to statistics, from 1981 to 1985, the total industrial and agricultural output value of 11 provinces and regions in the west showed an increase of 77.676 billion yuan, while 10 provinces and regions in the east registered an increase of 257.515 billion yuan. The latter was more than three times the former. The widening gap between them over the 4 years was almost equivalent to the gap accumulated during the past several decades.

In the past few years, 10 to 15 percent of our countryside has always consisted of low-income people, with an annual average income lower than 50 percent of the national average figure. What a grim reality lies behind this figure!

**The Land, Once the Scene of Blood Shed for the Revolution, Is Still a Picture of Poverty Several Decades After the Victory of the Revolution. How Could This Not Rend One's Heart.... [subhead]**

In the early 1980's a high-ranking party cadre returned to his hometown of Yimengshan, which he had left more than 30 years ago.

Impoverished soil, rickety housing, naked babies, and shabbily dressed girls.... a scene of poverty almost unchanged for more than 30 years greeted his eyes. He could hardly keep a few tears from spilling over. He said painfully: "We have been unworthy of our breeding. The hometown that has supported the revolution...." Similar scenes.... also once appeared in Yanan, Jinggangshan, and Dabieshan, which were like Yimengshan. These areas marked with blood shed for the revolution were still scenes of poverty several decades after victory in the revolution. How could this not cause heartbreak?

Many precious hours and opportunities had gone down the drain in the midst of "the more poverty, the greater the drive for revolution." Poverty that had made it impossible for many people to rear their heads and stand up was for a time a forgotten enemy, allowed to play havoc in one part of the land after another.... Today, the

whole country still has 18 concentrated expanses of poverty-ridden land, involving more than 300 counties. It cannot be said that this is not for such reasons as poor foundations, unfavorable conditions, and so forth.

By the time reform had enabled most of our country's people to lead a life with enough food and clothing, the poverty of these areas was especially an eyesore. Reform had again made affluence something chased by hundreds of millions of people, and had again made poverty the enemy that could not be tolerated by socialism. Poverty-ridden areas had become the focus of increasing social concern.

In 1984 the central authorities issued a notification on helping poverty-ridden areas to change their features as quickly as possible. Since that year a total of 2.7 billion yuan worth of grain, cotton, cloth, and other supplies has been handed over to poverty-ridden areas in the form of "a contribution of work in compensation for relief." In 1986 the State Council established a leadership group for the economic development of poverty-ridden areas. The development of poverty-ridden areas was incorporated as something special in the overall national development plan. Beginning in the mid-1980's concern and help from all quarters poured into poverty-ridden areas in a short period of time. State organs acted. So did the leadership in various areas. People in all walks of life also set to work. Comrade Song Jian led a work team from the State Scientific and Technological Commission to go deep into the Dabieshan area. The Ministry of Agriculture, Animal Husbandry, and Fisheries headed for the Wulingshan area. The Ministry of Forestry went to work on 900,000 big mountains. The Ministry of Commerce headed for the Yimengshan area.... Never had so many people showed concern over poverty and sensed the serious challenge it posed. Under unified arrangements by the party Central Committee and the State Council, economic development as a great historic undertaking has prevailed in reform, to finally solve the problem of food and clothing for China's peasants and to change the backward features of poverty-ridden areas.

According to statistics, since 1984 the number of low-income people throughout the countryside with an annual per capita net income of below 200 yuan dropped from 20.7 to 11.3 percent of the total rural population, and the number of those with an income of under 150 yuan from 7.6 percent to 4.31 percent.

In the Yimengshan area the number of poor people was reduced by 1.17 million in just 2 years or so. Rural social output value rose by 29.6 percent and per capita income by 8.6 percent. Between barren hills and ridges were added more than 1 million mu of forested land, with more than 10,000 rural enterprises established.... This year, that high-ranking cadre who had shed tears over the poverty in Yimeng returned to his hometown again. The bustling scene in the development of the mountainous area moved him to tears again—tears of joy.

**An Egg Can Be Eaten or Hatched To Provide More Eggs.... With the "Sanxi" Area Built as a Starting Point, the New Mechanism for Economic Development Formed in Recent Years Has Proved To Be Linked to the Philosophy Found in This Ancient Story [subhead]**

For several decades, the state invested large amounts of money in poverty-ridden areas. In the 33 years from 1950 to 1983 the central authorities subsidized Gansu, Xinjiang, Ningxia, Qinghai, and other provinces and regions having relatively large poverty-affected areas, with funds amounting to 27.6 billion yuan. A capital construction investment totaling 233.4 billion yuan was committed to eight provinces and regions in the west, accounting for as much as one-quarter of the state's total capital construction investment. In the 5 years from 1980 to 1985 the amount spent by the state to help the poor in poverty-ridden areas totaled 40 billion yuan. Help cannot be described as small nor results considered negative, but in quite a large number of areas the results were not as good as anticipated.

Cherished funds to help the poor in some areas were translated into restaurants, office buildings, and the like. In still more areas this kind of money was "spent on the rice pot and on bedding" to meet immediate needs without considering long-term needs. With the money gone, the picture remained the same.

An ancient story says that two fellows in poverty each acquired an egg. One ate his egg and remained poor while the other hatched his to raise chickens. Hens lay eggs which in turn can be hatched as chickens. He later became rich. Reform has enabled people to use this sound philosophy as a basis of thinking. By what means can several billion, and up to 10 billion, yuan to help the poor be converted into "egg-laying hens?"

A large-scale test to "convert eggs into chickens" began with construction of the "Sanxi" area. "Sanxi" is made up of Dingxi in Gansu, Hexi, and Xihaigu in Ningxia. Dingxi and Xihaigu were areas "world famous for their poverty," with their impoverished soil and poor ecological conditions. Many peasants were as poor as church mice. After a severe drought in 1982, per capita share of grain reached only 203 kilograms. An untold number of peasants suffered hunger!

In July that year Premier Zhao Ziyang visited the middle part of Gansu. The central authorities then decided to appropriate 200 million yuan per year, from 1983 to 1993, as a special fund to build up the "Sanxi" area. How should this kind of money be used? Should the money be handed out as relief funds on an equal basis with no compensation, like "pepper" sprinkled endlessly as in the past? No, it could not be like this. Reform had introduced a new method. Funds were handed out in the form of "a work contribution in compensation for relief" and the government asked for work compensation for funds used. People were entrusted with a given amount on the basis of projects taken up and were committed to

doing a job well. The new way gave rise to a new mechanism. Given this mechanism, the poverty-stricken peasants are no longer "social burdens" waiting for relief. They have begun to form a main body in promoting development and construction and fighting for prosperity.

Five years of effort brought 5 years of accumulation. Given a new mechanism "Sanxi" began to stand up.

Ecological destruction was basically halted, the industrial mix gradually improved, and agricultural output value rose at 10 percent annually. Output value of family industries and sideline occupations, and town and township enterprises, increased more than 800 percent. About 30 percent of the people no longer worried about food and clothing, and 40 percent or so had enough food in the absence of unusually serious natural disasters. This year the "Sanxi" area again successively withstood 10 months of serious drought. This was an initial change, but it was a change of an historical nature. Comrade Zhao Ziyang has recently visited Dingxi and Xihaigu on two occasions. He fully affirmed "Sanxi's" tremendous achievements in construction and praised this as "a result of central general and specific policies being carried out creatively."

What has to be created? A new mechanism for economic development.

**Development, and the Methods of Development, Are Only the Beginning. Creation by Myriads of People Thus Becomes Unusually Important [subhead]**

Reform means the release of productivity and also the emancipation of mankind. The concept of reform means being given free reign and thousands upon thousands of peasants and cadres coming up with myriads of creations and ways of doing things. New methods of development are being continuously enriched in the practice by the masses. This is the most cherished trend toward change in poverty-ridden areas.

Keep the "mountain door" open and walk out through the "mountain door." Jump out of the mountainous area and build up the mountainous area. What can be brought in should be brought in, but what can be exported should be exported.... "No matter what the way, so long as it is a cure for 'poverty' and not against the law, it is a good way!" Various poverty-ridden areas follow their own separate ways.

Han Fengxia, a young lady from Ding County, Hebei Province, set up an embroidery factory in a poverty-ridden mountainous area. She had 128 poverty-stricken peasants as workers. In the first 10 months the factory accounted for more than 100,000 yuan in profits and taxes. The workers got monthly pay of more than 100 yuan. This factory also trained more than 500 female workers. Not long after, the whole country developed more than 500 household embroidery factories.



Capable people go to poverty-ridden areas to build enterprises and this is welcomed in many areas. Some people say that the operation of private enterprises means "exploitation" of poverty-stricken peasants, but a peasant "being exploited" said: In the past I did not have enough to eat. Now there is no worry about food and clothing. The cadres from poverty-ridden areas said: Poverty-stricken households could all get employment; there was no longer poverty here. Was it strange? Even without the use of relief funds from the state and without the painful efforts put in by cadres as in the past, peasants could have new hopes; it is not strange. Since it is the initial stage of socialism, there is no pure socialism. Even given pure socialism, so long as this is favorable to socialism, why not do it?

On a visit to the poverty-ridden areas not long ago, a central leadership comrade fully affirmed the method of using capable people in the countryside to run private enterprises. With the development of the practice by the masses, new methods of this kind have continuously appeared. A new pattern is forming for economic development. Recently, on the basis of summing up mass experiences, the leadership group for economic development of poverty-ridden areas under the State Council again put forward a series of concrete measures and guiding principles for the promotion of development. For example, the method of distributing funds on the basis of a given number of people was done away with. Instead, money was handed out on the basis of actual results. The situation of solving the poverty problem for the benefit of a poverty-ridden area itself was changed, as tenders were openly invited for development projects. No matter who it was and which area it was, a project was allowed to be taken up by anyone or any area that could do it....

We have already tried many new ways; we are still looking for new ways. To seek actual results and create the new—this is where the hopes of the poverty-ridden areas lie.

**Still Greater Hopes Are in Store and Still Greater Challenges Are Ahead....** [subhead]

The elimination of poverty is a long historical process.

In the swiftly changing contemporary era everything is changing. Poverty-ridden areas are developing and developed areas are also developing. China is trying to catch up. The world is also advancing at an accelerated pace.

An expert predicts that the pace of development in poverty-ridden areas in the days ahead is likely to surpass that of developed areas. But in the 50 years or even more ahead, given different bases and different starting points, the gap between absolute numbers is still likely to widen....

A regional imbalance in development is disturbing China. Like a strange shadow it is also disturbing the world. The eastern mountainous areas of the United States have poverty incompatible with prosperity. The southern part of Italy is burdened. Britain is helping North Ireland. France is devoted to changing the backward southwest.... Different countries have different conditions. They share the common knotty problem of regional imbalance in development. In relieving the widening gaps in regional development, the road we have to traverse is likely to be longer.

Also, some experts hold the view that in the coming century, the development of the world economy will slow down, while the Asia-Pacific region will enjoy a boom. Regional economies are likely to show big leaps forward and also likely to head for still greater backwardness. The most important thing is who proves to be capable of grasping a historical opportunity.

In feasibility studies about the shift in focus of the Chinese economy from east to west in the next century, many people predict a leap forward in the west. This is not unlikely, but it is no simple task. A long journey depends on the first step taken. A future shift is nothing but the start of the current economy. Here, the most important thing is who can grasp a historical opportunity.

In terms of a larger scope, China is one of the world's underdeveloped countries. The development of China's poverty-ridden areas is, in a sense, synonymous with the development of China. "Poverty, we declare war on you." Up to the middle part of the next century, until the realization of all goals, the Chinese Communist Party and the Chinese people will never stop fighting.

Still greater hopes are in store. Still greater challenges are ahead!

**Reform of State Urban Planning Urged**  
*HK120540 Shanghai SHIJIE JINGJI DAOBAO*  
*in Chinese 26 Oct 87 p 10*

[Article by Tian Jia (3844 0857), Zhu Limin (2612 04483046) and Cao Siyuan (2580 1835 3293) of the Experimental Bureau under State Economic Structural Reform Commission: "Further Perfect Reform of Separately Listing Cities in State Plan — A Study Report on the Issue of Cities Separately Listed in the State Plan"]

[Text] From February 1983 to February 1987, the CPC Central Committee and State Council successively approved the project of separately listing nine cities in state plan. These cities are Chongqing, Wuhan, Shenyang, Dalian, Guangzhou, Xian, Harbin, Qingdao, and Ningbo. They are vested with provincial-level economic management power. In the meantime, they have been



carrying out experiments on systematic economic structural reforms. Judging from the practice of some cities, which have been earlier regarded as cities separately listed in the state plan, we know that the measure has produced marked results.

At present, there are two problems with regard to the cities separately listed in the state plan: 1) The work of separately listing cities in the state plan, and vesting them with provincial-level economic management power has not yet been perfected, and has not been protected in law either. 2) People have not yet reached a consensus with regard to cities separately listed in the state plan, and there is still much controversy. Therefore, it is necessary to study these controversial issues. Here, we would like to air our views on this topic.

#### Relations Between Cities Separately Listed in the State Plan and Administrative Separation of Power [subhead]

Comrades, who worry about the project of separately listing cities in the state plan, express the following main view: Separately listing cities in the state plan is a product of administrative separation of power. Some foreign economic experts maintain: Since 1982 China has adopted the measure of giving play to the role of key cities in order to weaken the control of local government, and remove administrative barriers which block the flow of resources. However, such desire aimed at solving problem through administrative means has not yet been gratified. Certain comrades who view such issues from the angle of political structural reform even forcefully warn: The trend of administrative separation of power is extremely dangerous.

With regard to the way to understand relations between separately listing cities in the state plan and administrative separation of power, we would like to express the following views:

1. The essential purpose in separately listing cities in the state plan is to readjust relations between the central authorities, provinces and cities in terms of duties, power and benefits. As far as the form is concerned, this belongs to administrative separation of power. However, we should not negate this important measure for reform.

To enliven economy and invigorate cities, efforts should be made to streamline government organs and to delegate power. Since the administrative planning system with emphasis on separation of money and material goods has not yet been completely reformed, the method of separately listing cities in the state plan is an effective way to expand the power of a small number of big cities, and to give play to the role of key cities. Practice has proved that this important measure not only promotes the reform of cities, but also augments economic strength of the cities, and stimulates economic development of the areas around the cities. To conform with economic position and role of cities, the status of cities in the entire economic administrative system has also been enhanced.

This will urge various planned economic administrative departments at the provincial level to streamline their administrative organs and delegate power.

Due to the fact that the market system in our country is still in a stage of development, the functions of our city governments, at least at the present, cannot be so simple as those of city governments in economically developed foreign countries. Apart from undertaking the construction task of developing basic facilities and providing public services, our city governments should do the work of coordinating a series of external economic relations of enterprises, such as allocation of energy, funds, means of production, labor force and others, and organizing and developing the market, and so on. In the meantime, it is necessary for city governments to make use of relevant administrative means to participate in the work of straightening out price relations, and to promote reform in financial, taxation, and monetary systems. Economic management power still, to a great extent, depends on administrative management power. Therefore, it is unavoidable to adopt the method of separation of administrative power in the process of reform.

2. Although separately listing cities in the state plan belongs to administrative separation of power in terms of form, this reform does not merely mean a restoration of administrative separation of power under the traditional system. As far as the content is concerned, the profound significance of separately listing cities in the state plan has gone far beyond the scope of administrative separation of power.

In the entire new economic administrative and organizational structure, there is no doubt that cities have played their important role. Cities are both centers of market activities, and pivots of macroscopic and microscopic economic activities. According to the objective of reform that the "state controls the market and the market directs enterprises," the city government is an intermediary link in the entire macroscopic control mechanism. Separately listing cities in the state plan is an important measure for attaining such objective of reform.

Although separately listing cities in the state plan does not involve the change in administrative system, it enables cities to separate economic management power from administrative power. The purpose in so doing is to get rid of the traditional administrative fetters which block delegation of power, and to gradually change the situation that economic management power depends on administrative power of the same level. This is a breakthrough in the former economic management and organizational system. With economic activities of enterprises gradually separating themselves from government administration, economic management methods of city governments will also change from direct control mainly relying on administrative means to indirect control mainly relying on economic and legal means.

### Contradiction Between Separately-Listed Cities and Provinces [subhead]

Since the start of the work of separately listing cities in the state plan in 1983, there occur some uncoordinated relations between certain separately-listed cities and provinces, relations between practical working departments in cities and provinces in particular. At times, the problem is quite serious. Some comrades have attributed all this to separately listing cities in the state plan.

According to our experience gained in recent years from our involvement in the work of separately listing cities in the state plan, and coordinating relations between provinces and cities, generally speaking, we believe that contradictions between provinces and cities have fallen into three categories:

- 1) The contradiction which has occurred in the process of revising planning targets and readjusting financial relations.
- 2) The contradiction which has occurred because planning targets of certain separately listed cities, and economic management power at the provincial level have not been put into effect, and the present contradiction between provinces and cities belongs mostly to this kind of contradiction.
- 3) The contradiction which has occurred because there is friction between practical working departments of provinces and cities in their routine administrative work. Such phenomenon has existed to varying degree with regard to relations between various separately listed cities and provinces.

There are many reasons contributing to these contradictions. The three main reasons are [as published]:

a) Remaining existences and continuation of the old system. Under the old system characterized by the fact that government administration was not separated from enterprises, and that power was overconcentrated, provinces and cities under central level were administrative units which practically implemented policies. They enjoyed very little decisionmaking power. Relations between central authorities, provinces and cities in terms of duties, power and benefits had not been completely straightened out. In particular, no efforts were made to clearly define the status of big cities. Due to the fact that the functions, responsibility and powers of city governments did not correspond with the economic and political status of the cities, the development of productive forces of cities and their commodity economy was hampered. Economic development of some big cities, which had been stronger than Hong Kong at the end of 1950's, was not ideal. Their economic development was in a state of comparative shrinkage or backwardness. It was obvious that the contradiction was of long-standing. But, it was covered up by the old system for a long time, and people knew very little about it. The purpose of reform

of separately listing cities in the state plan, and so on, is precisely to solve this contradiction so that we can readjust relations between the central authorities, provinces and cities in terms of duties, power and benefits, and create necessary conditions for economic invigoration of big cities. Just as with reforms in other aspects, reform in separately listing cities in the state plan will encounter obstruction of all forms. When we are making efforts to overcome obstructions, friction will naturally occur, and the long-standing contradiction will become apparent.

b) The work of systematic reform has fallen behind. Reform is a complicated and gradual process. We cannot expect that contradictions between the central authorities, provinces and cities created by the old system can be completely solved by the reform in separately listing cities in the state plan. Contradiction will always exist in the course of reform aimed at straightening out relations between the central authorities, provinces and cities. When an old contradiction has been solved, a new one will occur. Therefore, it is necessary to carry out reform continuously. At present, the fact that our reform has not yet been systematized is reflected in the following two aspects. First, reforms in macroscopic planning, and in systems governing investment, finance, tax, banking, and so on have not yet been touched upon. The existing system has compelled various provinces and cities to pay attention to their interests alone, and disputes involving interests have occurred frequently. Second, reforms in separately listing cities in the state plan still lack legal basis. Although the work of separately listing cities in the state plan has started, certain newly promulgated laws and regulations have not yet stipulated that the separately-listed cities can enjoy management power which is the same as that of provinces. Therefore, in practical work, there is much controversy. This has effected relations between provinces and cities to a certain extent.

### Provincial-Level Economic Management Power [subhead]

Recently, while carrying out specific work, we find out that provincial-level economic management power has not been clearly defined, and that certain economic management power has not yet been distinguished from administrative management power. There are still many points at issue. At present, the greatest controversy has arisen involving land management power, administrative and examination power of medicines, administrative power of management, and so on.

To us, the controversial power mentioned above belongs to economic management power. Judging from the economic position of cities separately listed in the state plan and the quality of their relevant organs, they are qualified to enjoy provincial-level management power.

Economic management power of enterprises should not be understood from a narrow-minded view. Power, which is closely connected, or mainly connected with



economic activities, belongs to economic management power. Such power has been roughly divided into economic planning power, economic regulating power, and economic supervisory power. The government mainly adopts economic means, legal means and administrative means to exercise its economic management power. The aim of reform in our country is to turn administrative forms and means involving government's economic management mainly into economic and legal means. However, this does not mean the exclusion of administrative form and means. With regard to the three kinds of power mentioned above, we know that the implementation of economic supervisory power involves both legal means and administrative means. Central and local governments in various countries have, in varying degrees, adopted administrative means to exercise their economic supervisory power. This reflects the government's administrative control over economic activities. This is precisely the case with the three kinds of controversial power mentioned above. Should governments of cities separately listed in the state plan enjoy provincial-level administrative power? With regard to administrative supervisory power over economic activities, we believe that in the future it is unnecessary for the power to be exercised on the basis of provincial administrative divisions. We should consider the method of relying on key cities to exercise supervision and control over the entire economic region. It is because ours is a country with vast territory, which is, at present, in the initial stage of socialism. Economic and social development in various regions is not even. The separately listed cities in various regions are mostly large cities, which have important economic and political positions in the regions concerned. Their economic appeal and radiating power might frequently be stronger than those of provinces. Objectively, they play the main economic and political role in the relevant regions. To strengthen the functions of these cities, and give play to their "linking" role when the central government is carrying out economic readjustment, it is absolutely necessary to vest these big cities with corresponding management power for regulating and supervising economic activities.

#### The Three Alternatives for Deepening Reform of Separately Listing Cities in the State Plan [subhead]

To sum up the analyses mentioned above, we believe that the reform of separately listing cities in the state plan is an important component part of the general reform carried out a few years ago aimed at streamlining government organs and delegating power, and straightening out relations. It will play a positive role in promoting economic structural reform in big cities, in invigorating cities, in developing commodity economy, and in encouraging big cities to organize and bring along economic development of the nearby regions. This may also be regarded, after all, as a useful exploration aimed at simplifying structure, reducing intermediate links, enhancing effectiveness, and establishing a new macroscopic control mechanism. We are sure that the reform

conforms with the orientation and principle of the economic and political structural reforms. Although some problems have arisen due to the constraint of objective conditions and the lack of systematic reforms, it is undeniable and obvious to all that the work of separately listing cities in state plan has made important contribution to the state in recent years.

However, we should also soberly realize that the reform of separately listing cities is a reform in the initial stage. It is not perfect because of the limitations of various objective conditions. With the further progress in the reforms of macroscopic planning, and the systems governing finance, tax, investment, banking, and goods and materials, new and still greater achievement will be made in the comprehensive reforms of cities.

At present, there are several alternatives which can be adopted in the course of deepening reform aimed at separately listing cities in the state plan:

- a) Efforts can be made to directly upgrade some particularly large separately-listed cities to municipalities directly under the central governments to replace the form of separately listing cities in the state plan.
- b) With the progress in the reform of entire macroscopic plan, we should define the duties, power and benefits of different cities on the basis of determining their power for dealing with matters and financial affairs so that the problem concerning their legal status can be solved.
- c) Before the above-mentioned problem has been solved, we should still stick to reform aimed at separately listing cities in the state plan. In accordance with the demand of macroscopic management, the status and conditions of cities, we should persist in the practice of vesting cities concerned with provincial-level power for economic management. If the plan for separately listing cities and vesting them with certain provincial-level power for economic management has not yet been fulfilled, various kinds of measures should be taken to improve the work.

#### Proposals on Further Improving the Reform Aimed at Separately Listing Cities in State Plan [subhead]

—Efforts should be made to scientifically define provincial-level economic management power enjoyed by cities separately listed in the state plan.

In the document issued in 1984 by the State Council on improving the work of separately listing Wuhan, Shenyang and others in the state plan, it has been clearly defined that these cities are vested with power for economic management, and examination and approval in terms of planning, finance, tax, commodity prices, and so on. Due to the fact that efforts are being made continuously to explore and develop economic structural



reform, the provincial-level economic management power enjoyed by cities separately listed in the state plan should also be properly readjusted in conformity with the progress of reform.

1) With the deepening of financial structural reform, specialized banks and insurance companies are being turned into enterprises. Since local governments are not allowed to interfere in financial and insurance business, it is unnecessary to delegate this part of provincial-level economic management power.

2) With the progress in the reform of tax system, different kinds of taxes will be separated in the future. The local governments and central government will levy different taxes, and the proportion of shared taxes levied by them will also be readjusted. The so-called provincial-level tax collecting power is no longer useful.

3) With the reform in the material distribution system and the opening up of the market of means of production, the material distribution power of governments at all levels will be gradually turned into market supervisory and management power. In the meantime, direct administrative management will be changed into management based on the legal system.

4) In the course of replacing the old economic structural system with the new one, commodity price has become a sensitive problem. To exercise strict control over price index, sometimes it is difficult to delegate provincial-level commodity price management power to separately-listed cities without preconditions.

In addition, as far as method is concerned, we know that there are defects in the method of specifically enumerating provincial-level economic management power one by one. It is mainly because of the fact that there will unavoidably be some loopholes in the enumeration method. In practical work, if some matters concerning economic management power, which have not been enumerated, are touched upon, provinces, cities and departments will hold divergent views on them. They will, very often, argue back and forth because of all these. In this connection, we propose a method of exception. In other words, people's governments of cities which are separately listed in the state plan may enjoy provincial level economic management power with certain exceptions.

—Those separately-listed cities should be vested with conditional legislative power.

While providing separately-listed cities with provincial-level economic management power, it is absolutely necessary to vest them with conditional legislative power.

We propose that the NPC Standing Committee amend the "Organic Law of Local People's Congresses at All Levels and Local People's Governments at All Levels," so that people's congress and their standing committees

of separately-listed cities may enact local laws and regulations under the prerequisite that they do not conflict with the Constitution, law, administrative law and regulations, and local laws and regulations of autonomous regions. The newly enacted laws and regulations should be submitted to provincial people's congress standing committee for the record. Provincial people's congress standing committee has the veto power.

— Efforts should be made to define legal status of separately-listed cities.

To date the work of separately listing cities in the state plan has been carried out and arranged in accordance with the documents of the CPC Central Committee and the State Council. The highest organ of state power has not yet adopted relevant measures to approve this important strategic decision which has been implemented by the government for 4 years. Therefore, the actual work of separately listing cities in the state plan has not yet been assigned a position protected by law. We propose that the NPC Standing Committee hold a discussion and make a special decision on vesting separately-listed cities with economic management power, and authorize the State Council to implement the decision.

**Commentary Urges Technicians To Serve Poor**  
*OW120613 Beijing XINHUA in English 0856 GMT*  
11 Nov 87

[Text] Beijing, November 11 (XINHUA)—Scientific and technical personnel should be encouraged to work in underdeveloped and poor areas to boost their economic development, a "Guangming Daily" commentary said today.

Only when they work in grass-roots units can they put into use the technical achievements as soon as possible and offer technical training to as many people as possible, the commentary said.

However, the commentary said, some areas have failed to attract and keep technical personnel because they have failed to offer adequate working conditions or offer adequate compensation.

The authorities in those areas should encourage and help technical personnel to set up, contract, and lease rural enterprises or engage in technical projects, the commentary said.

It recommended that the authorities concerned adopt special policies to give assistance to them in terms of credit loans, materials, and land use to minimize their risks in launching new enterprises.

Technical personnel should be promoted taking their contributions [as] the main qualification instead of merely educational background and service record, the commentary said.

**Annual Population Growth Rate of 1.24 Percent**  
*HK130217 Beijing CHINA DAILY in English*  
12 Nov 87 p 1

[By staff reporter Guo Zhongshi]

[Text] The State Statistical Bureau yesterday announced that the total population on the Chinese mainland was 1,072.33 million on July 1, 1987.

This was the result of a nationwide 1 percent population sample survey conducted this year in the 29 provinces, autonomous regions, municipalities.

Compared with the population of 1,008.18 million on July 1, 1982, China's total population increased by 64.15 million, or 6.36 percent over the past five years. The average annual growth was 12.83 million,—a rate of 1.24 percent.

According to the bureau, the 10,771,652 people (including servicemen) covered in the survey were picked from 1,045 counties and cities (districts administered by cities). They account for approximately 0.999 percent of the total population.

Of the people covered in the survey, the bureau said 104,949 were born in the first half of 1987 while 34,624 died during the same period.

Based on these figures, the bureau estimated that the birth rate this year is about 21.2 per thousand whereas the death rate is around 6.4 per thousand and the natural growth rate is 14.8 per thousand.

The survey, which covered 5,473,006 males and 5,238,586 females, concluded that the sex ratio (females equal 100) of the country is 104.5.

The survey, the first of its kind, reveals that the proportion of children in the total population decreased from 33.45 percent to 28.68 percent compared with the age composition concluded by the third national census in 1982. Meanwhile, the proportion of people over 65 in the total population rose from 4.89 percent to 5.46 percent.

Compared with the 1982 population census, the survey found an increase of various degrees in the number of people with various educational attainments out of every 100,000 people.

The bureau said there is an increase in the number of people with university education. The total climbed by 43.27 percent over the past five years, with an increase of 7.5 percent each year.

Compared with 1982, the proportion of people of the Han nationality decreased from 93.3 percent to 92.0 percent while the proportion of people of various minority groups increased from 6.7 percent to 8.0 percent, the bureau said.

Of the people covered in the survey, 2,205,642 were illiterate or semi-illiterate (people over 12 years of age who cannot read or read very little). The proportion of illiterates or semi-illiterates in the total population dropped from 23.6 percent to 20.6 percent in five years.

The bureau said that errors have to be allowed for in the calculations. The error for the birth rate of the first half of 1987 is 0.11 per thousand and that for the death rate of the same period is 0.006 per thousand.

This indicates that the survey has achieved its results, and that the data is reliable, the bureau said.



### East Region

#### **Nanjing Commander Discusses CPC Guidelines** *OW130225 Nanjing Jiangsu Provincial Service* *in Mandarin 2300 GMT 11 Nov 87*

[Excerpt] Over the last few days, the principal leading comrades of the Nanjing Military Region have visited troop units to convey the guidelines of the 13th CPC National Congress to the cadres and fighters, and have held discussions with them. They called on the troops to seriously study the report to the congress, understand its gist and the current reality, and identify their thinking with the guidelines of the congress.

Comrade Xiang Shouzhi, delegate to the congress, member of the Central Advisory Commission and commander of the Nanjing Military Region, publicized and explained the guidelines of the congress at the signal regiment of the military region on the morning of 9 November. He also held discussions with the cadres and fighters there and answered their questions regarding the theory of the initial stage of socialism, the situation of PLA reform, the reform of political structure, and other matters.

Comrade Fu Kuiqing, delegate to the Congress and political commissar of the Military Region, held discussions with the cadres and fighters of [word indistinct] company on the afternoon of 9 November. He called on them to establish four notions:

1. To deem it their duty to promote the four modernizations and support the reform;
2. To build the army in a down-to-earth way through arduous effort;
3. To have the courage to pioneer and strive to make progress; and
4. To work hard with one mind and one heart. [passage omitted]

#### **Shanghai's Jiang Zemin on Congress Guidelines** *Shanghai JIEFANG RIBAO in Chinese 5 Nov 87 p 1*

[Dispatch by Zhang Mo and Di Jianrong, JIEFANG RIBAO reporters stationed in Beijing]

[Text] On the eve of departing from Beijing for Shanghai after attending the 13th National Party Congress, Jiang Zemin, member of the Political Bureau of the CPC Central Committee and mayor of Shanghai, said in an interview with our reporters in Beijing that he would make an earnest effort together with the 12 million people in Shanghai to implement the guidelines of the 13th National Party Congress and work with them with one mind in order to accelerate and strengthen Shanghai's reform and push its economic and social development forward.

The most important task following the conclusion of the congress, Jiang Zemin said, is to translate its guidelines into the action of all members of the Communist Party and the masses of people in Shanghai in an endeavor to promote its reform and construction. He stressed: Acquiring a comprehensive and correct knowledge of the theory of the initial stage of socialism is a matter of prime importance to correctly understanding China's national conditions and building socialism with Chinese characteristics. It plays a vital role in helping us to grasp the essentials and clear up doubts in the course of further studying and implementing the party's basic line and overcoming and eliminating confused ideas of one kind or another. In view of this, for some time from now on we should combine our efforts to learn this theory with the work of investigations and studies and the practice of reform so as to keep enhancing our understanding. This is also an important task in ideological and theoretical education.

As for how to implement the 13th National Party Congress guidelines in promoting Shanghai's economic and social development, Jiang Zemin said: It is necessary to further broaden and intensify efforts to open ourselves to the outside world, to utilize foreign capital in a more active way, to make a success of the infrastructural construction in urban areas, and to improve our environment for investment. At the same time, we should adjust our production structure, quicken our pace of technological upgrading, and increase our capability for sustained development of foreign trade and export business so as to promote Shanghai's change toward an "export" city and blaze a new trail for its economic construction. Jiang Zemin stressed: To achieve this goal, we should do well in conducting investigations and studies while learning the guidelines of the 13th National Party Congress, and work out measures to solve the difficulties presently encountered in Shanghai's development. While ensuring the fulfillment of this year's tasks, we should strive to do a successful job in preparing for next year's stable economic development. We should see to it that all people in this municipality have not only a clear-cut and positive common work goal but also feasible and reliable measures to achieve the goal. In this way, we will be able to march in step and be united as one to win still greater victories.

Jiang Zemin told our reporters in great confidence that further efforts toward reform and opening to the outside world will no doubt bring great vitality to China's socialist construction. He hoped that all party members, cadres, and the broad masses of people in Shanghai would brace themselves, do a good job of their present tasks, undertake the heavy responsibilities given by history, and push Shanghai's economic and social development to a new high.

### Southwest Region

#### **Sichuan's Yang Rudai Stresses Congress Spirit** *HK110427 Chengdu Sichuan Provincial Service* *in Mandarin 0100 GMT 11 Nov 87*

[Text] Sichuan Provincial Party Committee Secretary Yang Rudai attended a gathering of responsible comrades of provincial organs convened by the provincial



party committee yesterday. He said that the core task currently facing the party members, cadres, and masses throughout the province is to seriously study and vigorously publicize the 13th Party Congress documents, implement the spirit of the congress, and advance along the road of building socialism with Chinese characteristics. Leading cadres at and above county-level must take the lead in study.

Over 1,100 leading cadres of department and bureau-level and above in the provincial organs attended the gathering. Xu Mengxia, chairman of the provincial advisory commission, presided. Feng Yuanwei, deputy secretary of the provincial party committee, relayed the spirit of the congress, focusing on three topics: 1) The 13th Party Congress was a democratic, open, and united congress; 2) the main fruits and gains of the congress; 3) the great significance and historical position of the congress.

In his speech, Comrade Yang Rudai said that the 13th Party Congress was a congress for further speeding up and deepening reforms and carrying forward the cause and forging ahead into the future. It was another milestone in our party's history. This congress provided the political, organizational, and theoretical guarantee for the long-term and stable continuation of the party line since the 3d Plenary Session of the 11th CPC Central Committee.

On how to study the congress documents well, Comrade Rudai called for a firm grasp on the following points:

1. The 13th Party Congress has given a systematic and profound theoretical exposition on the initial stage of socialism. Correctly understanding what historical stage China is in at present is the first issue in building socialism with Chinese characteristics and the fundamental basis for us in deciding on and carrying out the correct line and policy. All our principles, policies, and measures in the initial stage of socialism should help to develop the productive forces and commodity economy and to eliminate poverty.

2. The 13th Party Congress has laid down the party's basic line for the initial stage of socialism. The essence of this basic line is one core and two basic points. Comrade Xiaoping has made major contributions in forming and developing this line.

3. The main topic of the 13th Party Congress was speeding up and deepening reform. The report explicitly proposed and systematically expounded on the country's economic development strategy. It also explained the goals and tasks of deepening economic structural reform, and proposed the long-term and near-term goals in political structural reform and the primary keys to this reform.

4. The 13th Party Congress explicitly proposed that strengthening party building while carrying out reforms and opening up is a new question to be resolved in party building in the new period.

5. The 13th Party Congress scientifically expounded on the development of Marxism in China. The integration of Marxism with Chinese practice has been in progress for over 60 years. In the course of this process, there have been two historical flying leaps. Since the 3d Plenary Session of the 11th CPC Central Committee, the party has brought into play and developed a whole series of scientific theoretical viewpoints in the course of gaining fresh understanding of socialism. It has initially answered the basic questions of stages, tasks, motive force, conditions, pattern, and international environment for China's socialist construction, and sketched the scientific orbit for our advance.

In his speech, Comrade Rudai put forward the following demands on the party members, cadres, and masses in studying the documents well:

1. Study the documents seriously, earnestly, and in entirety. Profoundly appreciate their spiritual essence. In the course of study, the party committees at all levels must focus on study by leading cadres, while also organizing overall study. The provincial party committee will convene a study meeting of county party committee secretaries at the end of November. The provincial departments and bureaus can hold short study courses and so on to organize middle-grade cadres to study the documents, and gradually deepen this study.

2. In studying the documents, it is necessary to study every issue and also focus on the key points and hold discussions on them, so as to correctly grasp the congress spirit.

3. On the basis of careful and thorough study of the documents, it is necessary to link study closely with reality, including the reality of one's own thinking and work. It is also necessary to deepen comprehension of the congress documents. Through study, we should bring our thinking into line with the spirit of the congress, enhance understanding, brace our spirits, and do a good job in reform, opening up, and economic construction.

On implementing the spirit of the congress, Comrade Rudai proposed that the following issues should be grasped at present:

1. Get a good grasp of next year's economic work. The central authorities have put forward the guiding principle of further stabilizing the economy and deepening reforms. This policy decision, taken in light of the current economic conditions and the development trends of reform, is completely correct. We must seriously implement this principle. In light of Sichuan reality, in the course of implementing this principle we must seek liveliness amid constriction [words indistinct]

and ensure that some projects are retained while others are cut. We must ensure that output is increased amid economic stability. We must focus on ensuring infrastructural projects such as energy. We must strive to increase agricultural output. Township and town enterprises should record steady growth. We must vigorously develop output of goods in short supply and light industrial goods with a ready market.

Comrade Rudai pointed out that implementing the central authorities' guiding principle for economic work and doing a good job in the province's economic work next year are important measures for implementing the spirit of the 13th Party Congress. We must take a positive attitude and adopt practical and effective measures to do still better in the province's economic work next year.

2. We must focus on firming up and perfecting the enterprise contracted management responsibility system and deepening reforms of the operational setup. We must also carry out coordinated reforms in investment, material supply, foreign trade, finances, and fiscal and taxation work.

3. Actively and steadily promote political structural reform.

4. Seriously study and explore experiences in strengthening party building in the new historical period, and put the work of straightening out party style on a scientific basis. We should embark on a new path of relying on reforms and on systems, instead of political campaigns, in building the party.

**Sichuan Straightens Out Publishing Problem**  
*HK130143 Chengdu Sichuan Provincial Service*  
*in Mandarin 0100 GMT 11 Nov 87*

[Excerpts] The 28th meeting of the Sichuan Provincial People's Congress Standing Committee held its second full session yesterday afternoon. Vice Chairman Ji Chunguang presided. [passage omitted]

Director of the provincial Media and Publications Bureau (Shan Jifu) gave a report at the meeting. He said that as a result of 4 months of effort, Sichuan has scored notable success in straightening out newspapers and quarterlies and cracking down on illegal publishing. This has created favorable conditions for the healthy development of media and publications work in the province.

(Shan Jifu) said journals and publications dealing with social sciences had been basically reregistered by 10 September, while those dealing with natural sciences will be reregistered by the end of next March in accordance with the plan.

On cracking down on illegal publishing, (Shan Jifu) said that the province has brought into full play the role of the media in carrying out propaganda and mobilizing the

masses in this drive. As a result of extensive propaganda, a situation of regarding illegal publishing as a rat running across the street, with everyone shouting "kill it," has basically taken shape. At the same time, under the unified leadership of the government, the departments concerned have cooperated closely and coordinated their actions in focusing on major cases, thus leading forward the whole effort. According to incomplete statistics, 32 major cases of illegal publishing have been or are being investigated and dealt with. From July to September, 410,000 copies of illegal books and publications, 19,000 illegal audio tapes, and 9,500 illegal videotapes were confiscated. A number of illegal retailers of publications have been rooted out. The province has now basically stopped the momentum of the rampant spread of illegal publications.

(Shan Jifu) said in conclusion that, in order to exercise better supervision over each link in the chain of publishing and sales, the province will gradually set up a contingent of part-time cultural inspectors. This work will first be carried out on a trial basis in the cities of Chengdu, Chongqing, Zigong, Panzhihua, and Wanxian.

**North Region**

**Beijing to Improve Investment Environment**  
*OW120539 Beijing XINHUA in English 0917 GMT*  
*11 Nov 87*

[Text] Beijing, November 11 (XINHUA)—The deputy mayor of Beijing said today that the State Council has extended Beijing's power to examine and approve foreign-invested projects from those worth 10 million U.S. dollars to those worth 30 million U.S. dollars.

Deputy Mayor Zhang Jianmin told foreign entrepreneurs attending the ongoing Seventh Business Leaders' Symposium that his municipality has issued 30-article provisions to govern the simplification of the examination and approval procedure, tax reduction and exemption, cost reduction, and insurance of supplies. "They are now in the process of implementation."

According to Zhang, among the production projects, those with a total investment equal to [word indistinct] million U.S. dollars and a long recovery period can enjoy reduction or exemption of income tax with the approval of the Ministry of Finance.

Also, items of equipment and vehicles imported by foreign technicians and professional personnel for their own use can be exempted from custom duties and unified industrial and commercial tax.

Zhang said that Beijing welcomes cooperation with foreign enterprises in transportation, communications, and urban infrastructure, including public utilities such as water, electricity, gas, and heating systems.



As one of the first Chinese cities to open to the outside world, Beijing signed 301 compensation trade contracts with other countries, set up 189 Sino-foreign joint ventures and imported 1,219 items of technology from 1979 to 1986. So far, it has established relationships of economic and technical cooperation with 30 countries and regions.

**Hebei People's Congress Meeting Concludes**  
SK130502 Shijiazhuang HEBEI RIBAO in Chinese  
1 Nov 87 p 1

[Text] The 30th Standing Committee meeting of the 6th provincial People's Congress concluded on the afternoon of 31 October.

The meeting discussed the "Hebei Provincial (draft) Regulations on Supervision Over Trademarks and Punishment", and the "Hebei Provincial (draft) Regulations on Management of Forest Resources." It heard and discussed a report of the provincial People's Government on the situation in implementing the "Hebei Provincial Provisional Regulations on the Development of Vocational and Technical Education," a report on inspecting the popularization and enforcement of laws, and a report on market prices. It approved the "Shijiazhuang City Methods for Demolition, Movement, and Management of urban construction"; a decision on convening the Sixth Session of the Sixth Hebei Provincial People's Congress; a decision on the number of deputies to the Seventh Hebei Provincial People's Congress and the time for election; and a decision on the number of deputies to the people's congresses from cities having districts. It also approved personnel appointments and removals.

Guo Zhi, vice chairman of the provincial People's Congress Standing Committee, presided over and addressed the closing ceremony.

Attending were Vice Chairmen Yue Zongtai, Zhang Zhenchuan, Pan Chengxiao, Liu Ying, Zhang Kerang, Han Qimin, Du Benjie, and Wang Youhui.

Attending as nonvoting delegates were Wang Yugong, vice president of the provincial People's Court; Ma Jingjian, deputy chief procurator of the provincial People's Procuratorate; and responsible persons of the various offices and committees of the provincial People's Congress Standing Committee, relevant departments of the provincial government, and people's congresses of the nine cities under the jurisdiction of the province.

The meeting decided that the Sixth Session of the Sixth Hebei Provincial People's Congress be held in Shijiazhuang on 13 January 1988. The proposed agenda of the session is to elect Hebei deputies to attend the Seventh NPC.

**Tianjin's Li Ruihuan on Congress Report**  
SK121107 Tianjin TIANJIN RIBAO in Chinese  
28 Oct 87 p 1

[Text] A special reporter for *Tianjin Ribao* interviewed Li Ruihuan, head of the Tianjin delegation to the 13th Party Congress and secretary of the Tianjin Municipal CPC Committee, on the afternoon of 26 October. Li Ruihuan spoke glowingly of his personal experience studying Zhao Ziyang's report at the 13th Party Congress. He expressed his views on the initial stage of socialism, the construction of democratic politics, and the strict construction of the party.

Li Ruihuan contended: The report delivered at the 13th Party Congress is a document of historical importance because the report has not only set forth a grand blueprint for China's socialist modernization, a theoretical program of the initial stage of socialism and the basic line of the party, but has also solved the most fundamental problem concerning building socialism with Chinese characteristics. The establishment of this theory has provided a theoretical foundation for the party to formulate principles and policies for the present stage. It has provided a fundamental basis for further carrying out the policy of reform and opening the country to the outside world, and has provided all the comrades of the party with sharp ideological weapons to distinguish truth from falsehood and achieve work in all fields. Our party has clearly defined the concept of the initial stage of socialism at this party congress. This indicates that our party has intensified its understanding of the law on the development of socialism. Through this congress, the concept of the initial stage of socialism will become a unified will of the entire party and will produce immeasurably far-reaching influence. At the panel discussion of the Tianjin delegation, Li Ruihuan paid full attention to studying the significance of the initial stage of socialism in guiding practical work. He said: According to this theory, we must consider the development of productive forces to be our central task. Work in all fields at present must be carried out to serve the development of productive forces. Many characteristics of the initial stage of socialism can be mentioned. However, poor productive forces have become the most important characteristic. China is congenitally deficient in this regard. Thus, we must proceed from this reality to carry out policies suitable to the initial stage of socialism and formulate programs for the initial stage of socialism. However, what deviated from the development of productive forces were regarded as socialist principles over a longer period of time. As a result, many things were drawn from subjective views. Some "leftist" things arose at a historical moment and went unblocked. We learned a profound lesson from this. Practice proved that we will be able to score achievements and successes as long as we handle affairs consciously or unconsciously according to policies suitable to the initial stage of socialism. It also proved that we will suffer setbacks or take a roundabout course if we violate the policies. Thus, we must unequivocally adhere to the standards for productive forces set



forth in the report delivered at the 13th Party Congress just because these standards have the significance of direct decision. We must positively adopt things that are conducive to the development of productive forces, including methods and forms that took shape under capitalist conditions but are ultimately conducive to socialism. Things that are not conducive to the development of productive forces must be resolutely abolished. This includes some ideas and patterns that have been regarded as unalterable principles for a long period of time, but not suitable to the current situation. Li Ruihuan said: During the previous stage, we placed undue emphasis on "larger in size and having a higher degree of public ownership" to the neglect of commodity production, the law of value, and market functions. We also often regarded the superiority of the socialist system as absolute egalitarianism due to our failure to clearly and scientifically understand the initial stage of socialism. As a result, the differences between people's incomes were reduced. This strayed from the path of the initial stage of socialism and fettered the development of productive forces. We must persist in the theory of the initial stage of socialism and the standards for productive forces, and readjust relations of production through reform to make relations of production more suitable to the requirements for developing productive forces.

Li Ruihuan pointed out: The construction of socialist democratic politics is a question we must conscientiously understand at present and a task properly covered in the ultimate purpose of the party. Developing a high degree of democracy is one of our party's great goals. Revolutionary martyrs of our party advanced wave upon wave and fought bravely seeking this. The essential difference between socialist democracy and capitalist democracy is that socialist democracy is for the overwhelming majority of the people and is real democracy. The essence of socialist democratic politics is that the people are the masters of the country. According to this requirement, leading cadres must foster the idea that the people are the highest and the masses are the first, persist in the mass line, and respect the people's role as masters. Over the course of reform, it is necessary to adopt economic means to stress the functions of leaders and readjust relations between the interests of various sectors on the premise of never replacing or violating the principle that the masses are the masters of the country. Li Ruihuan contended: Like the development of the socialist commodity economy, the construction of socialist democratic politics should be carried out in a step-by-step manner. The construction of democratic politics cannot be carried out in a hasty manner. Nor can it go beyond social, economic, and cultural conditions. At present, we must devote ourselves to handling affairs that can be handled; pay attention to actual results; strengthen the construction of basic systems; and further bring into play the functions of people's congresses, CPPCC organizations, and mass organizations.

Establishing the social consultation and dialogue system is an important content of the political structure reform and an effective channel in carrying forward democracy.

While talking about this issue, Li Ruihuan summarized some practices of Tianjin municipality over the past 2 years. He said: Carrying out the social consultation and dialogue system is a good way to change the masses' opinions into a basis for improving leadership. It is a good way to change leaders' opinions into the actual deeds of the masses. Viewing the situation of Tianjin Municipality, we know that some masses are satisfied with this while some are not. However, the majority of the people are satisfied and major aspects are satisfactory while minor ones are not. The people are not satisfied or some aspects are unsatisfactory because the people have misunderstood because ideological work is not well conducted and some reasonable requirements and difficulties have not yet been settled. I believe that the unsatisfactory phenomena have both positive and negative functions. Thus, we must keep sober-minded, do our work prudently, and continue to forge ahead. Our work is advancing within the contradictions between satisfaction and discontentedness. New contradictions will emerge while old ones are solved. Thus, we are required to ceaselessly study new contradictions and solve new problems. Over the past few years, we have made better results in persistently going deep among the grassroots to hold talks with the masses of various levels, applying modern means of propaganda to directly meet the citizens, holding open-type people's congresses to strengthen contacts with people's deputies, and organizing leading cadres to handle affairs on the spot. By so doing we can hear the people's opinions in a timely manner, we can place ourselves under the supervision of the masses, and the people can enhance their understanding of the party's policies. From now on, we must further perfect the dialogue system and widen the channels for dialogue in line with the requirements set forth in the 13th Party Congress.

Party style is a question to which the people have generally paid close attention. Li Ruihuan affirmed the achievements made in improving party style over the past few years. He then pointed out that the entire party should be engaged in improving party style and that we must strictly run the party. He said: There presently exists a strange phenomenon. That is, everyone is discontented with unhealthy practices, but some people engage themselves in such practices. So, a question must be put forth. To correct party style, we must start with ourselves instead of criticizing others. We must shift our stress from blindly making complaints to assuming true responsibility from the party. The construction of party style must be closely linked with the party's ideological and organizational construction. In short, we must define a guiding ideology for strictly running the party. To strictly run the party, we must set our sights on upgrading the quality of, and formulating strict rules for, the vast number of party members, particularly, leading party-member cadres. Those who do not abide by these rules and refuse to correct their mistakes through education should be withdrawn from their posts or dismissed from the party. Party members with decadent ideas should be resolutely eliminated. We must mobilize all

party members to fight against various types of negative phenomena within the party to maintain the communist purity of the party. Party organizations at all levels should vigorously commend party members with a strong sense of party spirit, good workstyle, a sacrificing spirit, and ability in notably accomplishing their duty. All this must be placed into the work agenda of the party, but must not be carried out as a movement.

After the interview, Li Ruihuan stated with full confidence that the 13th Party Congress has laid a theoretical foundation, defined the basic line, and worked out a blueprint. Under the guidance of the guidelines of the congress, we will certainly be able to advance along the path of socialism with Chinese characteristics and ensure that all undertakings in Tianjin will be more prosperously developed.

### **Northeast Region**

**Jilin's Secretary Gao Di Attends Conference**  
*SK121047 Changchun Jilin Provincial Service*  
*in Mandarin 1030 GMT 10 Nov 87*

[Excerpts] Delegates to the provincial urban and rural construction work conference, which concluded today, have reached the view that the key to whether or not a new situation can be created quickly in the province's urban and rural construction lies in deepening reform. [passage omitted]

The conference contended: It is first necessary to reform the urban construction system, and see to it that unified plans are worked out and supporting projects are comprehensively undertaken for urban construction. In developing urban construction, we should carry out planning, designing, land requisition, and moving people in a unified manner with the guidance of the overall urban plan. We should consider a city as a whole when developing and managing it. We should further clarify the responsibility of urban construction departments and allow them to have powers and profits based on their responsibility. Second, we should reform the housing distribution system and gradually commercialize houses. We should gradually channel the production, distribution, exchange, and consumption of housing into the orbit of a planned commodity economy; encourage people to build more houses and live in smaller ones; and encourage individuals to buy houses so as to promote a benign cycle of housing construction. Third, we should reform the management system of urban public facilities and invigorate public facilities. We should apply the system of reimbursed use of urban public facilities. Meanwhile, we should reform the management system of urban construction projects and introduce competition into contracts. [passage omitted]

This morning Gao Di, He Zhukang, Li Yaquan, Gao Wen, and Liu Shulin attended the conference and conducted dialogue with the delegates on the problems that arise in urban and rural construction.

### **Northwest Region**

**Shaanxi's Zhang Stresses Congress Spirit**  
*HK120539 Xian Shaanxi Provincial Service*  
*in Mandarin 0030 GMT 12 Nov 87*

[Text] The provincial party committee held a gathering yesterday to relay the spirit of the 13th Party Congress. Provincial Party Committee Secretary Zhang Boxing delivered a report. The gathering, held in the provincial gymnasium, was presided over by Hou Zongbin, deputy secretary of the provincial party committee and acting governor. The 5,000 participants included some leading comrades of the provincial party committee, advisory commission, discipline inspection commission, People's Congress Standing Committee, government, CPPCC, and military district; cadres of deputy section chief level and above of the provincial organs and the organs of the provincial mass organizations; retired veteran cadres; and responsible persons of tertiary education institutes and large enterprises in the Xian area.

Comrade Zhang Boxing's report was in three parts: 1) The proceedings and special features of the congress; 2) The basic contents and main spirit of the congress; 3) Some views on studying and publicizing the congress spirit.

Comrade Zhang Boxing said when introducing the proceedings of the congress that its main topic was speeding up and deepening reforms; reform was the core of the delegates' discussions and the main theme of the congress. Reform has become an irresistible tide of history.

Zhang Boxing said that Comrade Zhao Ziyang's report put forward many new ideas and viewpoints. It was a report with very special features. For the first time this report gave an all-round and systematic exposition on the theory on the initial stage of socialism, and laid down the basic guidelines for all-round reform and economic construction.

Giving specific views on studying and implementing the spirit of the congress in Shaanxi, Comrade Zhang Boxing said that after study, the provincial party committee has initially decided that this will be carried out in two stages. The first stage is from now to the beginning of December, during which extensive publicity and study of the congress documents will be carried out, to ensure that the congress spirit will be known to everyone and penetrate deep into people's minds. In the second stage, on the basis of extensive publicity and study of the documents, we will convene an enlarged meeting of the provincial party committee at the beginning of December. This meeting will be attended by prefectural, city, and county party committee secretaries. The meeting will deepen the study of the congress documents and study and discuss specific measures for comprehensively implementing the congress spirit.

Zhang Boxing said that in speeding up and deepening reform, it is currently necessary to focus on three tasks: 1) In economic structural reform, strive for some breakthrough in reforming the enterprise mechanism; 2) In rural reform, get a good grasp of perfecting the contracted management system and readjusting the production structure; 3) In political structural reform, while organizing pilot projects well, the province, prefectures, and counties must do a good job in investigation and study, to make preparations for political structural reform.

Zhang Boxing also stressed that at present the province should concentrate efforts on a number of strategic tasks. We must get a good grasp of industrial production in the last 2 months of the year, centered on improving economic results. In agriculture, we must concentrate efforts on the winter tending of wheat and rapeseed. The

township and town enterprises must focus on technological transformation. We must also get a good grasp of firming up the planning arrangements for switching the defense industry to civilian production, together with the various policy measures. We must focus on developing a complete set of tourism facilities and improve service quality and economic returns.

In addition, while implementing the intention of the 13th Party Congress on governing the party with strictness, we must get a good grasp of improving party style. We must use a variety of channels to consult with the masses and hold dialogues with them, so that everyone will make allowances for and understand the difficulties facing us on our onward advance, and all levels will unite as one to invigorate Shaanxi and achieve the vast goals set by the 13th Party Congress.



**Liang Shih-chiu's Daughter 'Hopes' to Visit**  
*HK101148 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1418 GMT 9 Nov 87*

[Text] Hong Kong, 9 Nov (ZHONGGUO XINWEN SHE)—According to a news report from Taipei, Taiwan Deputy "Interior Minister" in charge of administrative affairs Ma Chen-fang said yesterday: With regard to the request made yesterday by Liang Wen-qian, eldest daughter of Liang Shih-chiu, a great master of literature, to hasten to Taiwan from the mainland for the funeral of her father, the ministry will appropriately handle the case in accordance with legal principle and the code of human sympathy when an application is received.

Ma Chen-Fang said: It has been reported that Liang Wenqian, the eldest daughter of Liang Shih-chiu, said in Beijing that she hopes to hasten to Taiwan for the funeral of her father. So far the ministry has not yet received any application from her. If an application is received, the ministry will handle the case as a special one, in accordance with the "national security law" and its relevant rules and regulations and in line with legal principle and the code of human sympathy.

Liang Shih-chiu died of a heart attack in Taipei on the morning of 3 November. His eldest daughter, Liang Wenqian, expressed the hope in Beijing on 5 November that she would be able to rush to Taiwan to pay her last respects to her father.

**Shenzhen Plans for Taiwan Investors**  
*HK120551 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1216 GMT 10 Nov 87*

[Text] Shenzhen, 10 Nov (ZHONGGUO XINWEN SHE)—This reporter learned today from departments concerned that the Shenzhen City Government has recently worked out ways to give special preferential treatment to Taiwan compatriots who invest in the Shenzhen Special Economic Zone in order to promote the economic construction of the special zone and economic contacts between the two sides of the strait.

It is learned that according to these ways of giving special preferential treatment, any Taiwan compatriot who sets up a joint-venture or cooperative enterprise, or an enterprise of sole proprietorship for over 10 years will be exempted from enterprise income tax for 4 years, commencing from the first year in which profits are made. Enterprise income tax from the 5th to the 9th year will be reduced by 50 percent. An enterprise using Taiwan capital will be exempt from charges for the use of land for 5 years after it is completed and put into operation.

A Taiwan compatriot may entrust his relatives or friends on the mainland to act as a representative or an agent of the enterprise set up by him. A Taiwan

compatriot who has invested over \$500,000 may, according to needs and circumstances, arrange for his representative or agent to settle down in the Shenzhen Special Economic Zone. The investor or his agent who are not on the mainland may apply for multiple entry and exit visas and for residence.

Thirty percent of the products of an enterprise using Taiwan capital which are manufactured with imported raw and semifinished materials, parts, and components, which are salable on the domestic market, and which would otherwise be imported, can be sold in China. Products of an investor who has provided advanced technology and equipment may enjoy the same treatment.

However, the above-mentioned preferential treatment is only for investors whose investment is not less than 25 percent of the total investment of the enterprise they have invested in.

Taiwan compatriots who come to set up enterprises in Shenzhen have to submit for investment formalities photocopies of their valid passports and identity cards issued by the Taiwan authorities. Taiwan compatriots who are living abroad or in other regions have to submit documents issued by China's embassies or consulates that prove their status as Taiwan compatriots.

Taiwan investors' agents abroad have to submit documents issued by the chairman of the board of directors (the general manager) of the entrusting enterprise that authorizes them as universal agents and valid contracts signed by the entrusting and the entrusted companies (or individuals).

**Visitors From Taiwan Arrive in Beijing**  
*HK111220 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1103 GMT 10 Nov 87*

[Report: "Some 300 Taiwan Compatriots Have Arrived in Beijing To Visit Their Relatives and Sightsee"]

[Text] Beijing, 10 Nov (ZHONGGUO XINWEN SHE)—From 2 November up to today, the number of Taiwan compatriots who have arrived in Beijing to visit their relatives and sightsee has exceeded 300. At the same time, the Red Cross in Beijing has received more than 50 letters of inquiry about relatives and friends and their addresses.

Beijing has made thorough preparations to receive visiting Taiwan compatriots. The China Travel Service, Beijing Branch, has set up a special department to receive visiting Taiwan compatriots, and it will provide them with such services as meeting them at the airport and the railway station, reserving hotel rooms, arranging tours, booking tables at restaurants, and making plane or train reservations.

The Hademen Hotel has been selected as the Taiwan compatriot reception center, and the Beijing, Huadu, Huaqiao, Dongfang, Beiwei, Xuanwumen, and Feixia hotels are all open to Taiwan compatriots and will give priority to meeting their needs for accommodation.

The booking offices of the CAAC [Civil Aviation Administration of China] and the railway station have set up special counters for Taiwan compatriots. The information counter of the Taiwan Affairs Office of the Beijing Municipal Government is also offering all sorts of policy consulting services to Taiwan compatriots.

**CPC Reformers Win 'Complete Victory'**  
*OW100517 Taipei CHINA POST in English 4 Nov 87 p 4*

[Editorial: "The 13th CCP Congress"]

[Text] The 13th Chinese Communist Party (CCP) Congress concluded Sunday with a reorganized Central Committee filled by followers of Teng Hsiao-ping, and with Teng's ally Chao Tzu-yang as the new party general secretary.

Teng's maneuvering has successfully ejected conservatives who oppose him. Their names are absent from the new Central Committee roster. Although Teng also stepped down as promised from the Central Committee, his retention of the Central Military Commission's chairmanship means that he is holding on to the actual power of the Peking regime, which has always held the belief that political power derives from the barrels of guns.

By retreating from the front position, Teng managed to convince other older Central Committee members like Chen Yun, Peng Chen and Li Hsien-nien to refrain from running for reelection to the Central Committee. Thus Teng achieved his purpose of persuading them to leave their crucial positions to pave the way for younger cadres. Teng has achieved his aims by retreating one step but actually advancing two.

Most of the older military cadres are also out of the picture. Teng's followers, headed by Yang Shan-kun, continue to hold power in the military commission. Teng has managed to replace older generals with younger officers.

Teng has succeeded in his maneuvering and in redrawing a new political and military lineup, and he leaves Chao Tzu-yang a new political situation.

The new Politburo consists of 17 members instead of 22. Eleven members were retained from before and seven members are new and belong to the economic reforms faction.

In the Central Committee Politburo, 12 members belong to the economic reforms faction, one, Yang Shan-kun, belongs to the old diehard faction, and five are in-between. The conservatives, apparently, have lost out completely and the new line-up shows a clear coalition of the forces of Chao Tzu-yang, Hu Yao-pang and Wan Li.

Although Chao continues to be the "premier" until March next year, Wan Li may succeed him after that. Wan's name heads the new Central Committee lineup.

The appointment of Chao as first deputy chairman of the Central Military Commission (CMC) is also significant. It means that Chao will not only have control of the CCP

but also a hold on the Chinese Communist military. Yang Shan-kun will actually run the military commission as its second deputy chairman.

The new line-up shows the complete victory of the Teng-Chao forces and the defeat of the conservatives and diehards. The question is how well Chao Tzu-yang can utilize a unique opportunity of running the mainland and turning it into a nation of vitality instead of being a poverty-stricken country with depleted foreign exchange reserves verging on bankruptcy? Judging from the prevailing corruption and lawlessness, Chao is facing an impossible mission.

**Thousands Apply To Visit Mainland China**  
*OW120543 Taipei International Service in English  
0200 GMT 12 Nov 87*

[Station commentary: "Mainland Visits Getting Underway"]

[Text] Ten days ago the ban on visiting the communist-occupied Chinese mainland was lifted, allowing Chinese on Taiwan to visit relatives on the mainland. Only those persons who have relatives there will be allowed to apply for travel documents to the mainland.

In the 10 days since the ban was lifted, literally thousands of people have jammed the offices of the Red Cross Society of the Republic of China (ROC), whom the government has entrusted with handling the mainland visitation program. On the first day the Red Cross opened its doors to applicants, some 20,000 persons queued up for applications and information. In the days following, a steady stream of several thousand a day have made inquiries at the Red Cross. Reports indicate that nearly 100,000 citizens here have shown interest in visiting relatives on the mainland.

The ban on such travel to the communist-occupied mainland was lifted for humanitarian reasons. For nearly 40 years Chinese who came to Taiwan, China's island province, following the communist usurpation of the mainland have been separated from family and friends. As many of these people are getting up in their years, the government decided that it would be proper, despite the obvious risks of opening this people-to-people channel to the mainland, to let people see their homes and families.

In reality, however, not a few Chinese living on Taiwan made visits to the mainland before the ban was lifted. As early as 1980 some people began making clandestine visits, and the government prosecuted the spot cases it could uncover. Later on, however, the government began to look the other way and ignored such visits if there appeared to be no security risks involved. As many as 10,000 persons are said to have made prelifting of the ban visits to the mainland between 1980 and 1987.



As mentioned earlier, only those persons who have relatives on the mainland will be allowed to visit. Contrary to popular accounts, this does not limit visitation rights to those who came from the mainland in the forties. Many native Taiwanese also qualify because they have relatives still living at their ancestral homes on the mainland. These people are also toying with the idea of visiting the villages and other places their ancestors came from as many as 300 years ago.

The 100,000 or so people who have looked into visiting the mainland still only represent a fraction of those who qualify on Taiwan. Many are waiting it out to see how others fare on visits. There is still widespread concern for safety, as many are not sure they can trust the communist regime. The most commonly voiced concern is that people are afraid of getting trapped there, should the communists suddenly decide to halt the visits. Others cite financial difficulties, saying they cannot afford to make the trip. But the government and banks and other private civic organizations are teaming up to offer these people low interest loans to cover the costs of mainland visits.

Many are expected to take advantage of this aid. Meanwhile those who have already made trips are cautioning those planning to visit to brace themselves psychologically. The sentimental journey they will make into the past does not shield them from the ugly heartbreak of the mainland's present conditions under communism.

**Veterans Group Not Aiding Mainland Visits**  
*OW120509 Taipei CNA in English 0309 GMT*  
12 Nov 87

[Text] Taipei, Nov. 12 (CNA)—It is inconvenient for the Vocational Assistance Commission for Retired Servicemen (VACRS) to provide subsidies to veterans who wish to visit their relatives in mainland China for "safety reasons," Chang Kuo-ying, VACRS chairman, said Wednesday.

However, Chang said that VACRS would be delighted if the private sector would be willing to provide subsidies to the veterans.

Chang made his remarks while reporting on the situation of veterans at a joint meeting of the Legislative Yuan's economics, national defense and interior affairs committees.

He pointed out that the Chinese communist authorities had said that visitors who accept government subsidies will be regarded as visitors with a special mission.

Therefore, Chang said that for the safety of the visitors it would be inappropriate for VACRS to subsidize veterans who want to visit the mainland Chinese relatives.

Chang, however, said that if the private sector willingly provides subsidies, they can present the donation to the Red Cross Society of China for distribution.

As of Tuesday, more than 7,000 people had registered at the Red Cross Society to visit relatives in mainland China. Among them, 1,800 were veterans, Chang said.

**Mainland Boats 'Harassed' Quemoy, Matsu**  
*OW110713 Taipei CNA in English 0308 GMT*  
11 Nov 87

[Text] Taipei, Nov. 11 (CNA)—A total of 408 Chinese Communist boats of different types harassed the Quemoy and Matsu areas between Nov. 3 and Nov. 9, Maj. Gen. Chang Hui-yuan, spokesman for the Ministry of National Defense, said Tuesday.

Chang said to drive the communist boats off, garrison troops on two Republic of China frontline islands had fired 1,706 machine gun rounds and 18 artillery shells.

**Kuomintang Announces Official Appointments**  
*OW111311 Taipei CNA in English 1100 GMT*  
11 Nov 87

[Text] Taipei, Nov. 11 (CNA)—The Kuomintang [KMT] Central Standing Committee Wednesday morning approved the appointment of Dr John C. Kuan, chairman of the National Youth Commission, as director of the party's Department of Organizational Affairs.

Kuan was nominated by President Chiang Ching-kuo in his capacity as chairman of the party.

A native of Tientsin City, Kuan, 47, graduated from national Chengchi University and earned his Ph.D. from the Fletcher School of Law and Diplomacy of Tufts University in the United States.

He was previously deputy director of the KMT Department of Youth Affairs and chairman of the KMT Taiwan Provincial Committee.

Kuan is to replace Pan Chen-chew who is to be appointed a national policy adviser to the president.

**Opposition Party Elects New Chairman**  
*HK101450 Hong Kong AFP in English 1346 GMT*  
10 Nov 87

[Text] Taipei, Nov 10 (AFP)—Taiwan's prominent opposition Democratic Progressive Party (DPP) elected a new leader Tuesday and pledged to continue its fight against the ruling Kuomintang (KMT) for more political reforms.

Lawyer and former prisoner Yao Chia-wen, a party moderate, was elected chairman for one year at the end of the party's second national convention.

Mr Yao, 48, succeeded lawyer Chiang Peng-chien, chairman since the DPP was formed last year in defiance of a ban on political parties.

The new chairman told reporters: "The party needs better co-ordination and its members need more training." He said he would try to win more support from local leaders while discussing Taiwan's future with top businessmen.

The party issued a declaration vowing to demonstrate if the KMT refused to launch more political reforms. "We demand (overall) new elections for the congress and direct elections of the Taiwan government," the declaration said.

The party was "disappointed and sorry" that the KMT had only promised to "improve" the structure of the congress, it said, adding that the appointment of the government by the cabinet is "illegal".

The DPP challenged the legitimacy of the congress, as about 80 per cent of its members were elected for life on the Chinese mainland in 1948, one year before the communists ousted the nationalists now in Taiwan.

The party also urged the KMT to allow interaction between people in Taiwan and the mainland on an unofficial level and the establishment of post, trade and telecommunications links.

The DPP called for talks between Taipei and Beijing "when a legitimate government was established" in Taipei.

Mr Yao helped organise an illegal demonstration in the southern city of Kaohsiung in 1979 that ended in a riot in which about 140 policemen were injured. He was sent to prison for 12 years, but released on parole in January.

His wife, Chou Ching-yu, was last December elected a member of the National Assembly for a second six-year term.

Convention delegates decided not to include in the party manifesto the suggested clause: "People have the freedom to advocate Taiwan's independence," believing this would provoke a crackdown by the government.

The KMT considers the mainland part of nationalist China and advocating secession—effectively independence—is illegal.

## Hong Kong

**Sino-British Joint Liaison Group Communique**  
*HK131024 Beijing XINHUA in English 1006 GMT*  
13 Nov 87

[Text] Beijing, November 13 (XINHUA)—The Sino-British Joint Liaison Group issued a communique at the end of its eighth meeting here this afternoon.

The full text of the communique is as follows:

The Sino-British Joint Liaison Group held its eighth meeting in Beijing between November 10 and 13, 1987. Positive results were achieved.

The two sides reviewed with satisfaction the good progress made in their discussions on the defence of Hong Kong and the maintenance of its public order. The two sides agreed that it was important to the smooth transfer of government in 1997 and to the maintenance of Hong Kong's stability and prosperity that timely arrangements should be made in relation to defence and public order. The two sides agreed to continue their close consultation and co-operation on the relevant practical arrangement.

On the basis of work done by the standing sub-group on international rights and obligations, the Joint Liaison Group reached agreement on the continued application to Hong Kong after 1997 of relevant international labor conventions and on Hong Kong's continued participation in the activities of the International Labor Organisation. The two sides also reached agreement on the continued participation of the Hong Kong SAR (Special Administrative Region) after 1997 in the activities of subsidiary bodies of the Food and Agriculture Organisation of the United Nations in the Asian-Pacific Region.

The group discussed progress in concluding Hong Kong's air service agreements and reached common understanding on related matters.

The group reached identity of views on general principles relating to the localisation of legislation. They agreed that details should be discussed at expert level.

The group exchanged views on improvements in the terms of service of the Hong Kong judiciary.

The British side provided information on the progress of the political review in Hong Kong.

The group expressed its appreciation for all the hard work done by experts on both sides before and during the meeting.

The Joint Liaison Group decided that its next meeting would take place in Hong Kong between March 8 and 11, 1988.

**Secretary 'Attacks' Legislators' Remarks**  
*HK120841 Hong Kong HONGKONG STANDARD*  
*in English 12 Nov 87X pp 1,3*

[By Matthew Leung]

[Text] The Chief Secretary, Mr David Ford, yesterday launched the most serious condemnation in memory by a top Government official of any member of the Legislative Council [Legco] when he attacked Mr Martin Lee and Mr Pang Chun-hoi.

Mr Ford denounced Mr Lee and Mr Pang for challenging not only the actions and policies but also the integrity of the government.

He said Mr Lee and Mr Pang did a grave disservice to the community by trying to undermine the credibility of the administration.

Both men have consistently labelled the government a "lame-duck" administration.

Mr Ford, in winding up the Legco debate on the Governor's address, denied allegations that the government was relinquishing its authority over the territory, deceiving the people and that it lacked moral fibre.

Yesterday's session was also punctuated by an attack by the Financial Secretary, Mr Piers Jacobs, on Mr David Li over his criticism of the handling of the stock market crisis.

Referring to Mr Lee and Mr Pang's criticisms, which were made in Legco last Wednesday, Mr Ford, in an angry voice, said the accusations were very grave.

"They cannot be taken lightly or dismissed simply as part of the cut and thrust of political debate," he said.

"I refute them in the strongest possible terms. Those who continue to make them in the misguided belief that they are dealing with a lame duck will discover that they have a tiger by the tail, and not a paper tiger either."

"For the life of me I find it difficult to see what they hope to achieve.

"If they are playing politics they are indeed playing a dangerous game, because the fact is that the stability and prosperity of this community depends on the credibility and authority of this administration."

Speaking to reporters after the Legco session, an angry Mr Pang said he could not accept Mr Ford's condemnation. "I saw it as a warning for me to shut up. But I'll still regard it as a lame-duck government."

But Mr Lee did not seem to take the lambasting seriously.



"I'm not offended at all," he said, adding that it was a perfectly correct thing for the Chief Secretary to do if Mr Ford felt that strongly about his speech. "That will be his duty," Mr Lee said.

"I really hope he really meant what he said. From now on, we'll see a tiger in our government, and not a lame duck.

"And let's hope that the tiger will not roar at poor me, but will also continue with very brave acts outside the council."

Mr Ford's attack, which came after more than 150 minutes of explanations from officials on the government's work on various fronts, alarmed many legislators.

It also follows months of bombardment from a number of political groups, critics and politicians that the government had become a "lame-duck" administration that was kowtowing to China.

The criticism intensified following the publication of the government Survey Office report on public response to the political Green Paper.

Some critics said the views were not fairly grouped and the questions in two government-commissioned polls were poorly constructed.

Mr Ford said the administration was totally committed and dedicated to furthering the interests of the people of Hong Kong.

He added that a sound working relationship with China had always been essential to Hong Kong's stability and progress.

But he quickly added that this did not mean it "dominates our thinking or the way in which we govern Hong Kong."

As stipulated in the Joint Declaration, it was entirely reasonable but also quite essential that there should be close contact and exchanges of views between the two sides, through formal and informal channels.

"We should not be fearful of these developments," he said, adding that Hong Kong's relationship with China had developed steadily in a practical and pragmatic way.

Commenting on the Government survey office report, he said there was no doubt the community remained divided on the direct election issue.

The way to resolve political differences lay in careful analysis and rational discussion, "but not in pretending that a view which was different from one's own either did not exist or had been fabricated by a third party with ulterior motives."

Mr Lee had suggested that the Governor, Sir David Wilson, had invited Chinese intervention in Hong Kong when he went to Beijing in September.

"But he did not explain how he reached this remarkable conclusion," the Chief Secretary said.

"As a barrister he was trained to put his arguments on the basis of fact and evidence.

"Yet Mr Lee, in his speech, relied on insinuation and innuendo with not a single shred of evidence to support his so-called 'case' against the Hong Kong government."

Mr Ford said the Governor's speech had provided clear evidence of the government's sense of responsibility and its determination to govern Hong Kong in the best interests of the community.

"Many of our programmes and plans are designed to bring benefits well beyond the end of this century," he said.

Legislators such as Miss Lydia Dunn, Mr Ho Sai-chu and Professor Poon Chung-kwong agreed that it was fair for councillors to criticise and that officials be given the chance to reply.

**Governor Comments on Argument**  
*HK130711 Hong Kong SOUTH CHINA MORNING POST in English 13 Nov 87 pp 1, 2*

[Text] The Governor, Sir David Wilson, yesterday said heated arguments between senior officials and some Legislative Councillors would not lead to confrontation.

He said he doubted people would be deterred from expressing themselves, despite the strongly-phrased rebuke by the Chief Secretary, Mr David Ford, against Mr Martin Lee and Mr Pang Chun-hoi, two of the most strident critics of the Government's recent handling of controversial issues.

At the same time, Executive Councillors, Mr Allen Lee and Miss Lydia Dunn, appealed for calm and reason, saying arguments in the council meant Hong Kong enjoyed the freedom of speech.

"I have never yet seen anything to deter people, here in Hong Kong, from speaking up," said Sir David during a tour of Cheung Chau.

"People in this community of ours do look for a cooperative atmosphere and there is a great desire to see co-operation between all sectors of the community. I think that is a very strongly-held feeling."

Asked if the arguments between officials and councillors was a sign of partisan politics, Sir David replied: "I think people understand and expect that if the Government is criticised, the Government must answer that criticism.

"I have great admiration and great respect for the work done by officials in this Government, senior officials, middle officials, and junior officials."

Asked if the Government would consider changing the Survey Office Report in response to criticism over the handling of two public opinion polls, Sir David said: "I believe that people in a district like this (Cheung Chau and the islands) are looking for us to move forward and to make decisions based on all the evidence that appears in the Survey Office's report."

"As you know, there is a great deal of evidence there about what the community thinks. I believe that the community, certainly this district, is now wanting to look forward to make this decision."

Executive and Legislative Councillor, Mr Allen Lee, said he was uneasy about Mr Ford's personal attacks which he described as "Unhealthy in our kind of environment".

He said, however, Mr Ford had the right to "put the record straight".

"The Chief Secretary was defending the Government's position," he added, "and if the integrity of individuals in high office in the administration, including the Governor, was under attack, I think I would have been more surprised if the administration did not react."

Mr Martin Lee's allegation that Sir David went to Beijing to invite interference from the Chinese Government was provocative, he said.

"Our Government is far from perfect. Let's face it, it is not as if the Government doesn't make mistakes but some of the comments went overboard and I think the Chief Secretary put the record straight," Mr Lee said.

Mr Allen Lee hoped Mr Ford's scolding of Mr Martin Lee and Mr Pang Chun-hoi would not prevent criticism in future debates. He said that the Government needed critics if it was ever going to improve.

"We need constructive criticism to see the Government improve service, efficiency and policy," he said.

"But it should be forcefully put to the Government instead of singling out individuals within the Government."

Miss Dunn said she was not dismayed by the vehemence of Mr Ford's comments and that it would not affect the image of an open government.

"I don't think the non-government members have a monopoly on using strong words," she said.

"I think that if we use strong words as Martin Lee said yesterday then we should expect a robust reply and that's what debate is all about."

Miss Hunn said the naming of Mr Lee and Mr Pang in Mr Ford's speech was a way to answer questions raised by councillors.

But this benign view was not shared by Chinese University senior lecturer Dr Joseph Cheng who said the Hong Kong people in general did not expect personal attack in political debates, even though this was widely accepted in Western countries.

"I find Mr Ford's speech rather surprising, especially using words like 'a tiger by the tail'. It's difficult to understand what it means," said Dr Cheng.

"Such a move surely serves both sides. It would further damage the government's image, and on the other hand, hurt the cause for democracy," he added.

Hong Kong University political science Professor Peter Harris said it was not a crime to criticise Government policies and Mr Martin Lee had done the right thing.

"It was unfortunate Mr Ford had reacted so strenuously and we got the impression that the government was threatening the opposition," said Professor Harris.

"Maybe it would be better to keep it at the level of policies rather than personality."

Mr Martin Lee and Mr Pang's Legislative Council peers were also divided on what to think of Mr Ford's speech.

Mr Jackie Chan said: "Mr Ford has discredited himself and the government's reputation. But it (the threat) would not deter other councillors from speaking up ...

"For those who seldom speak up in the debates, it does not mean they have no opinion. To keep quiet is also a kind of opposition."

Mr Hui Yin-fat said it was good to see officials and councillors speak up for the benefit of the local people.

"But if Mr Ford criticised the councillors for being impolite, he was even more impolite," he said.

Mr Desmond Lee, who is known for his forceful language, said Mr Ford's choice of words was rather strong. But Hong Kong people were free to choose how to express themselves whatever Mr Ford said, he added.

"People who serve the public should be able to accept praise and criticism from the public," he said.

Mr Liu Lit-for said he hoped that after the debate councillors and the government officials would understand one another better.



He said everyone should realise principle must precede personality.

**SRV Naval Defectors To Leave 'This Weekend'**  
*HK130659 Hong Kong SOUTH CHINA MORNING POST in English 13 Nov 87 p 2*

[Text] A Vietnamese defectors' boat which has been a headache for the Hong Kong Government over the past month leaves the territory this weekend.

Eleven defectors from the Vietnamese navy were among 20 passengers on the steel-hulled tugboat when it arrived on October 14.

The incident, which was kept secret by the Government, is the first known case involving defectors of the post-war Hanoi regime in Hong Kong.

The territory would have been placed in an awkward position if the navy men—belonging to a country that has chilly relations with China—had asked to stay.

An informed source said Chinese officials, who were aware of the incident, might have intervened if the matter had been forced to go through diplomatic channels.

"If the people on the boat had asked to stay, then it would not have been a simple case of Vietnamese refugees because they were actually serving members of the Vietnamese military. The final decision would have to come from Britain, not Hong Kong," said the source.

Local officials, who remained tight-lipped yesterday, will breathe a sign of relief when the rusty vessel, about 25 metres long with a battered bridge, finally sets off for Guam via Japan.

The 20 passengers, comprising 14 men and the families of the boat's captain and former captain, were detained at Chi Ma Wan closed refugee camps, as is standard practice for incoming Vietnamese refugees.

They had opted to leave after being informed of Hong Kong's closed camp policy.

The tugboat, which set sail from Haiphong on September 19, was moored at the Government Dockyard in Yau Ma Tei for repairs and refuelling.

The repair works have apparently been completed as there was little action on the vessel yesterday.

**Contingency Plans for Daya Bay Nuclear Plant**  
*HK110238 Hong Kong SOUTH CHINA MORNING POST in English 11 Nov 87 p 3*

[Text] A draft report on contingency measures Hong Kong could adopt in the event of a nuclear accident at the Daya Bay power plant has been circulated among Government departments for finishing touches.

The long-awaited report by the United Kingdom Atomic Energy Authority at Harwell still has to be approved by the Hong Kong Government.

It is understood the report contains no evacuation measures, but concentrates on monitoring radiation levels and the territory's food chains.

The necessity for an evacuation plan has been ruled out on the grounds that it would not be feasible for Hong Kong's 15.5 million population.

The probability of an accident requiring even partial evacuation is also considered minimal.

The report's focus will be on the monitoring of a wide range of plants, foodstuffs and water in case of nuclear leakage or any rise in radiation in and around Hong Kong.

It will also provide recommendations on how various departments, such as the police, the Fire Services Department, the Water Supplies Department, and the Civil Aid Services should be mobilised.

Radiation levels in the territory are monitored by the Royal Observatory with communication support from the Civil Control Centre.

**Securities Review Committee Named**  
*HK120825 Hong Kong SOUTH CHINA MORNING POST in English 12 Nov 87 p 1*

[By Lulu Yu]

[Excerpt] The Financial Secretary, Mr Piers Jacobs, yesterday announced the line-up for the Securities Review Committee, which will have powers to suggest measures for the protection of investors in the next six months.

He confirmed the appointment of Mr Ian Hay Davison, a former chief executive of Lloyd's of London, as committee chairman in a move predicted by the *South China Morning Post* yesterday.

Mr Davison will arrive in Hong Kong next Tuesday and take up his new responsibilities the following day.

At a news conference in London last night he refused to comment on the controversial four-day closure of the markets last month.



"The review committee will not be looking into the rights and wrongs of that decision, our work is to report," he said.

"We will be looking at structures and systems. We are not in the business of finding fault but of preparing a blueprint for the future."

Mr Philip Tose, a stockbroker and investment banker, is the only other non-Chinese member on the six-man committee set up to clean up Hong Kong's stock and futures exchange.

The other members are Mr Chen Shou-lum, a former member of the Executive and Legislative Councils; Mr Lau Wan-sum, a financial consultant and former civil servant; Mr Peter Poon, Legislative Councillor and accountant; and Mr Charles Soo, a stockbroker.

The appointment of Mr Davison as the committee's chairman was welcomed by the financial sector, which described him as the ideal person for the job.

After announcing the line-up in the Legislative Council, Mr Jacobs left the chamber to elaborate on the terms of reference of the new watchdog at a press conference.

Mr Jacobs said it would "review the constitution, powers, management and operation of the Hong Kong Stock and Futures Exchanges, the Securities and Commodities Trading Commissions, and the Office of the Commissioner for Securities and Commodities Trading, and recommend what changes are desirable to ensure the integrity of the markets and to protect investors".

He said if Hong Kong was to remain a prosperous financial centre its international character had to be preserved. [passage omitted]

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